

Münchener Rück
Munich Re Group

Munich Re Finance B.V.
a private company with limited liability under the laws of The Netherlands

€3,000,000,000

6.75% Guaranteed Subordinated Fixed to Floating Rate Bonds of 2003/2023 guaranteed on a subordinated basis by

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

Issue price: 99.418%

The €3,000,000,000 Guaranteed Subordinated Fixed to Floating Rate Bonds of 2003/2023 (the "**Bonds**") of Munich Re Finance B.V. (the "**Issuer**") will bear interest from and including 16th April 2003 to but excluding 21st June 2013 at the rate of 6.75% per annum payable annually in arrear on 21st June of each year commencing on 21st June 2004. Unless previously redeemed in accordance with §5 of the Terms and Conditions of the Bonds, from and including 21st June 2013 to but excluding the Floating Interest Payment Date (as defined in §4(2)(b) of the Terms and Conditions of the Bonds) falling in June 2023, interest on the Bonds will be payable, at a rate equal to EURIBOR for three month euro deposits plus 3.45%, quarterly in arrear on the Floating Interest Payment Date falling in March, June, September and December of each year, the first such payment to be made on the Floating Interest Payment Date falling in September 2013. Under certain circumstances described in §4 of the Terms and Conditions of the Bonds, interest payments on the Bonds may be deferred.

Unless previously redeemed or cancelled, the Bonds will be redeemed in full on the Floating Interest Payment Date falling in June 2023.

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (the "**Guarantor**") will unconditionally and irrevocably guarantee on a subordinated basis (the "**Guarantee**") the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds.

For a description of certain matters that prospective investors should consider, see "Investment Considerations".

Application has been made to list the Bonds on the Luxembourg Stock Exchange. The Bonds will initially be represented by a temporary global Bond in bearer form without coupons which will be deposited with a common depositary for Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V., as operator of the Euroclear System (together, the "**Clearing Systems**") on 16th April 2003 and which will be exchangeable for a permanent global Bond in bearer form without coupons not earlier than 40 days following 16th April 2003, on presentation of a certificate of non-U.S. beneficial ownership. Bonds in definitive form will only be issued in limited circumstances as set out in the Terms and Conditions of the Bonds.

Deutsche Bank	**UBS Warburg**	**HVB Corporates & Markets**
Bookrunner	*Bookrunner* *Structuring Adviser*	*Joint Lead Manager*

The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular (the "**Offering Circular**") and have taken reasonable care to ensure that the facts stated in this Offering Circular are true and accurate in all material respects and that no material facts have been omitted.

No person is authorised to give any information or to make any representations other than those contained in this Offering Circular and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or the Guarantor or the Managers (as defined in "Subscription and Sale"). Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor or any of their affiliates since the date of this Offering Circular or that the information herein is correct at any time since its date.

Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor or any of their affiliates. This Offering Circular does not constitute an offer of Bonds or an invitation by or on behalf of the Issuer, the Guarantor or the Managers to purchase any Bonds. Neither this Offering Circular nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer, the Guarantor or the Managers to a recipient hereof and thereof that such recipient should purchase any Bonds. This Offering Circular may not be used for or in connection with any offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is unlawful or unauthorised.

This Offering Circular does not constitute, and may not be used for purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The offer, sale and delivery of the Bonds and the distribution of this Offering Circular in certain jurisdictions is restricted by law. Persons into whose possession this Offering Circular 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 specific restrictions on the offer, sale and delivery of the Bonds and on the distribution of this Offering Circular and other offering material relating to the Bonds, see "Subscription and Sale".

In this Offering Circular, all references to "€", "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended.

Certain of the statements contained in this Offering Circular may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may, will, should, expects, plans, intends, anticipates, believes, estimates, predicts, potential or continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the core business and core markets of the Group (as defined in "Description of the Group"), (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) changing levels of competition, (ix) changes in laws and regulations, including monetary convergence and European Monetary Union, (x) changes in the policies of central banks and/or foreign governments, (xi) the impact of acquisitions including related integration issues, and (xii) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of the events on, and following, 11th September 2001. Each of the Issuer and the Guarantor assumes no obligation to update any forward-looking statements contained herein.

The Bonds including the Guarantee have not been and will not be registered under the Securities Act (as defined in "Subscription and Sale").

The Bonds 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

STABILISATION

In connection with the issue of the Bonds, UBS Limited or any person acting on its behalf may over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited period after the Issue Date (as defined in §2(2)(a) of the Terms and Conditions of the Bonds). However, there may be no obligation on UBS Limited or any agent of it to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period.

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Incorporation by Reference

The 2000 and 2001 audited Consolidated Annual Reports and the unaudited Consolidated Interim Report for the nine months ended 30th September 2002 and the 2000 and 2001 audited Unconsolidated Annual Reports of the Guarantor are incorporated by reference into this Offering Circular. The documents incorporated by reference and financial statements of the Issuer and the Guarantor for all subsequent years (such future financial statements not being incorporated into this Offering Circular by reference) may be inspected and are available free of charge at Deutsche Bank Luxembourg S.A., 2 Boulevard Konrad Adenauer, L-1115 Luxembourg, as long as any Bonds are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require. The Issuer does not publish Interim Reports.

Investment Considerations

The following is a summary of certain aspects of the Bonds of which prospective investors should be aware. This summary is not intended to be exhaustive and does not impose any limitation on the rights and duties created by the Terms and Conditions of the Bonds. Prospective investors should carefully consider this summary in conjunction with the other information contained herein.

DEFERRAL OF INTEREST

Subject to the provisions of §4(3) of the Terms and Conditions of the Bonds, the Issuer has the option to defer any payment of interest on the Bonds if the requirements for deferral set out in §4(3) of the Terms and Conditions of the Bonds are satisfied. If the Issuer does defer a payment of interest on the Bonds on an Optional Interest Payment Date (as defined in §4(3) of the Terms and Conditions of the Bonds), payment of Arrears of Interest (as defined in §4(3) of the Terms and Conditions of the Bonds) may only be satisfied in the circumstances set out in §4(3) of the Terms and Conditions of the Bonds.

REDEMPTION RISK

The Bonds may be redeemed at the option of the Issuer (in whole but not in part) (i) at the principal amount of the Bonds plus accrued interest until the date of redemption (exclusive) and all outstanding Arrears of Interest on 21st June 2013 or on any Floating Interest Payment Date (as defined in §4(2)(b) of the Terms and Conditions of the Bonds) thereafter or upon the occurrence of a Gross-up Event (as defined in §5(3)(a) of the Terms and Conditions of the Bonds) or (ii) at the greater of their principal amount or the Make-Whole Amount (as defined in §5(3)(d) of the Terms and Conditions of the Bonds) upon the occurrence of a Regulatory Event (as defined in §5(3)(c) of the Terms and Conditions of the Bonds) or upon the occurrence of a Tax Event (as defined in §5(3)(b) of the Terms and Conditions of the Bonds), all as more fully described in the Terms and Conditions of the Bonds.

NO LIMITATION ON ISSUING DEBT

There is no restriction on (i) the amount of debt which the Issuer or the Guarantor may issue which ranks senior to the Bonds or on the amount of securities which the Issuer or the Guarantor may issue which ranks *pari passu* with the Bonds or (ii) the amount of debt which the Guarantor may guarantee on a basis which ranks senior to its obligations under the Guarantee or on the amount of securities which the Guarantor may guarantee on a *pari passu* basis to its obligations under the Guarantee. The occurrence of (i) and (ii) may reduce the amount recoverable by Bondholders on a winding-up of the Issuer or the Guarantor, as the case may be, or may increase the likelihood that the Issuer may elect to defer payments of interest under the Bonds.

SUBORDINATION

The Bonds and the Guarantor's obligations under the Guarantee will be dated 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 Bonds and under the Guarantee will be subordinate in right of payment to the prior payment in full of all other unsubordinated liabilities of the Issuer and the Guarantor, as the case may be, except for liabilities which rank equally with or junior to the Bonds or the Guarantor's obligations under the Guarantee. In a winding-up proceeding of the Issuer or the Guarantor, the holders of the Bonds may recover proportionately less than the holders of unsubordinated liabilities of the Issuer or the Guarantor, as the case may be. Holders of the Bonds are explicitly referred to the fact that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to the Guarantee only in accordance with the subordination described above.

Holders of the Bonds are advised that unsubordinated liabilities of the Issuer and the Guarantor may also arise out of events that are not reflected on the balance sheet of the Issuer or the Guarantor, as the case may be, including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of the Issuer or the Guarantor, as the case may be, that in a winding-up proceeding of the Issuer or the Guarantor, as the case may be, will need to be paid in full before the obligations under the Bonds or the Guarantee, as the case may be, may be satisfied.

NO EXPRESS EVENTS OF DEFAULT

Holders of the Bonds should be aware that the Terms and Conditions of the Bonds do not contain any express events of default.

NOTICE PURSUANT TO THE GERMAN INSURANCE SUPERVISION LAW

After the Issue Date, the subordination of the Bonds as set out in §3 of the Terms and Conditions of the Bonds may not be limited and the Maturity Date (as defined in §4(2) of the Terms and Conditions of the Bonds) may not be amended to an earlier date and all notice periods for redemption of the Bonds may not be shortened. If the Bonds are repaid prior to the Maturity Date, in circumstances other than as described in §5(2)-(6) of the Terms and Conditions of the Bonds, then, irrespective of any agreement to the contrary, the amount so repaid must be repaid to the Issuer or the Guarantor unless the Guarantor has been wound up or the regulatory capital has been replaced by other at least equivalent regulatory capital or the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) has given its prior consent to such early redemption.

Terms and Conditions of the Bonds

ANLEIHEBEDINGUNGEN

Der nachfolgende Text ist die rechtsverbindliche Fassung der Anleihebedingungen.

§1
Einführung

(1) Munich Re Finance B.V. (die „**Emittentin**") hat garantierte nachrangige fest- bzw. variabel verzinsliche Schuldverschreibungen im Gesamtnennbetrag von 3.000.000.000 € begeben (die „**Schuldverschreibungen**", wobei dieser Begriff alle weiteren Schuldverschreibungen umfasst, die gemäß §10 begeben werden und eine einheitliche Serie mit den Schuldverschreibungen bilden).

(a) Die Schuldverschreibungen sind mit einer nachrangigen Garantie der Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (die „**Garantin**") ausgestattet, die bei der Deutschen Bank Aktiengesellschaft hinterlegt ist (die „**Garantie**"). Ansprüche der Anleihegläubiger (wie nachstehend definiert) aus der Garantie verjähren mit Ablauf von zwei Jahren nach dem jeweiligen Festzins-Zahlungstag (wie nachstehend definiert) oder dem jeweiligen Floating-Rate-Zahlungstag (wie nachstehend definiert) bzw. dem Rückzahlungstag der Schuldverschreibungen.

(b) Die Emittentin und die Garantin haben im Zusammenhang mit den Schuldverschreibungen eine Zahlstellenvereinbarung vom 15. April 2003 (in ihrer jeweils geänderten oder ergänzten Fassung, die „**Zahlstellenvereinbarung**") unterzeichnet mit der Deutschen Bank Aktiengesellschaft als Emissionsstelle (die „**Emissionsstelle**", wobei dieser Begriff jeden Nachfolger der Emissionsstelle mit einschließt, der jeweils im Zusammenhang mit den Schuldverschreibungen ernannt wird) sowie den in der Zahlstellenvereinbarung genannten Zahlstellen (gemeinsam mit der Emissionsstelle die „**Zahlstellen**", wobei dieser Begriff jeden Nachfolger oder jede zusätzliche Zahlstelle mit einschließt, die jeweils im Zusammenhang mit den Schuldverschreibungen ernannt wird).

(2) In diesen Anleihebedingungen werden die Inhaber der Schuldverschreibungen als „**Anleihegläubiger**" bezeichnet.

(3) Definierte Begriffe, die in diesen Anleihebedingungen verwendet werden, sind in §16 unter Angabe

TERMS AND CONDITIONS OF THE BONDS

The following is a non-binding translation of the Terms and Conditions of the Bonds.

§1
Introduction

(1) Munich Re Finance B.V. (the "**Issuer**") has issued Guaranteed Subordinated Fixed to Floating Rate Bonds in the aggregate principal amount of €3,000,000,000 (the "**Bonds**", which expression includes any further Bonds issued pursuant to §10 that form a single series with them).

(a) The Bonds benefit from a subordinated guarantee (*nachrangige Garantie*) (the "**Guarantee**") given by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (the "**Guarantor**") which is deposited with Deutsche Bank Aktiengesellschaft. The period of limitation for any claim by a Bondholder (as defined below) under the Guarantee shall be two years calculated from the relevant Fixed Interest Payment Date (as defined below) or the relevant Floating Interest Payment Date (as defined below), as the case may be, and the relevant redemption date of the Bonds.

(b) In connection with the Bonds the Issuer and the Guarantor entered into an agency agreement dated 15th April 2003 (as amended or supplemented from time to time, the "**Agency Agreement**") with Deutsche Bank Aktiengesellschaft as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Bonds) and the paying agents named in the Agency Agreement (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 Bonds).

(2) The holders of the Bonds are referred to in these Terms and Conditions of the Bonds as the "**Bondholders**".

(3) Terms defined in these Terms and Conditions of the Bonds are listed in §16 together with a cross

des Paragraphen aufgeführt, der die Definition enthält.

§2
Stückelung, Verbriefung und Eigentum

(1) *Stückelung*

Die Schuldverschreibungen haben eine Stückelung von je 1.000 € (die „**Stückelung**").

(2) *Verbriefung und Eigentum*

(a) Die Schuldverschreibungen werden zunächst in einer vorläufigen Globalinhaberschuldverschreibung (die „**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft und bis spätestens 16. April 2003 (der „**Begebungstag**") bei einer gemeinsamen Verwahrstelle für Clearstream Banking, *société anonyme*, Luxemburg („**CBL**") und Euroclear Bank S.A./N.V. als Betreiberin des Euroclear-Systems („**Euroclear**") (beide gemeinsam nachstehend auch als „**Clearing-Systeme**" bezeichnet) hinterlegt. Die Vorläufige Globalurkunde wird – nicht vor Ablauf von 40 Tagen nach dem Begebungstag (die „**Sperrfrist**") – gegen Vorlage einer Bestätigung über das Nichtbestehen U.S.-amerikanischen wirtschaftlichen Eigentums an den Schuldverschreibungen (*beneficial ownership*), die nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten von Amerika und den Regeln und Betriebsabläufen der Clearing-Systeme entspricht, gegen eine endgültige Globalinhaberschuldverschreibung (die „**Dauer-Globalurkunde**", wobei die Vorläufige Globalurkunde und die Dauer-Globalurkunde jede als „**Globalurkunde**" bezeichnet werden) ohne Zinsscheine ausgetauscht.

Falls die Emittentin, aus welchem Grund auch immer, von Gesetzes wegen zur Ausgabe effektiver Stücke verpflichtet werden sollte oder falls eines der Clearing-Systeme für einen Zeitraum von 21 aufeinander folgenden Geschäftstagen (wie nachstehend definiert) für Geschäfte geschlossen bleiben oder die Absicht bekannt geben sollte, den Geschäftsverkehr auf Dauer aufzugeben, wird die Globalurkunde in effektive Urkunden eingetauscht. In diesem Fall werden die effektiven Urkunden entweder mit Zinsscheinen versehen, oder der Nachweis der Zinszahlung wird auf einem Abschnitt der Urkunde vermerkt. Mit Ausnahme der in den vorangegangenen Sätzen beschriebenen Fälle haben die Anleihegläubiger kein Recht auf die Ausgabe von effektiven Urkunden über einzelne Schuldverschreibungen oder über Zinsscheine.

reference to the numbered section in which each such term is defined.

§2
Denomination, Form and Title

(1) *Denomination*

The Bonds have a denomination of €1,000 each (the "**Denomination**").

(2) *Form and Title*

(a) The Bonds will initially be represented by a temporary global bearer Bond (the "**Temporary Global Bond**") without interest coupons which will be deposited with a common depositary for Clearstream Banking, *société anonyme*, Luxembourg ("**CBL**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") (together hereinafter also referred to as the "**Clearing Systems**") no later than 16th April 2003 (the "**Issue Date**"). The Temporary Global Bond will be exchangeable for a permanent global bearer Bond (the "**Permanent Global Bond**" and each of the Temporary Global Bond and the Permanent Global Bond, a "**Global Bond**") without coupons not earlier than 40 days after the Issue Date (the "**Restricted Period**") upon certification as to non-U.S. beneficial ownership, the contents and nature of which shall correspond to the requirements of the laws of the United States of America and be in accordance with the rules and operating procedures of the Clearing Systems.

If, for any reason, the Issuer becomes legally obligated to issue Bonds in definitive form or if one of the Clearing Systems should be closed for business for a period of 21 Business Days (as defined below) or should announce an intention permanently to cease business, the Global Bond will be exchangeable for Bonds in definitive bearer form. In this case, Bonds in definitive bearer form will either have coupons attached or have a grid for recording the payment of interest endorsed thereon. Other than provided in the immediately preceding sentences, the Bondholders shall have no right to require the issue of definitive certificates representing individual Bonds or coupons.

Falls eine Globalurkunde oder effektive Urkunden über einzelne Schuldverschreibungen oder Zinsscheine verloren gehen, gestohlen, verstümmelt, beschädigt oder zerstört werden, können sie bei der Geschäftsstelle jeder Zahlstelle ersetzt werden, vorbehaltlich des anwendbaren Rechts und der Anforderungen der Börsen und der Clearing–Systeme. Der Anspruchsteller erstattet diejenigen Kosten, die mit dem Austausch verbunden sind und die aus von der Emittentin geforderten Beweis-, Sicherheits- und Freistellungsgründen oder sonst vernünftigen Gründen angefallen sind.

If a Global Bond or definitive certificates representing individual Bonds or coupons are lost, stolen, mutilated, defaced or destroyed, they may be replaced at the office of any Paying Agent, subject to all applicable laws, stock exchange requirements and requirements of the Clearing Systems, 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.

(b) Im Einklang mit den Steuergesetzen und -vorschriften der Vereinigten Staaten dürfen auf den Inhaber lautende Schuldverschreibungen nur im Rahmen bestimmter vom U.S.-Steuerrecht zugelassener Transaktionen in den Vereinigten Staaten oder an eine *U.S. person* angeboten, verkauft oder geliefert werden. Jeder Händler und Makler (*dealer and agent*) hat zugesichert, (i) dass er weder im Zusammenhang mit der ursprünglichen Ausgabe der Schuldverschreibungen noch innerhalb der Sperrfrist Schuldverschreibungen einer sich in den Vereinigten Staaten befindenden Person oder einer *U.S. person* anbietet oder verkauft, es sei denn, dies ist nach den U.S.-Steuergesetzen zulässig, und (ii) dass er keine während der Sperrfrist verkauften Schuldverschreibungen in Form effektiver Urkunden in den Vereinigten Staaten ausliefert. Die Schuldverschreibungen dürfen (mit Ausnahme der Vorläufigen Globalurkunde) nicht ausgeliefert werden, und es dürfen keine Zinsen gezahlt werden, solange die Person, die einen Anspruch auf die Schuldverschreibung oder die Zinsen hat, nicht die in §2(2)(a) beschriebene schriftliche Bestätigung des Nichtbestehens U.S.-amerikanischen wirtschaftlichen Eigentums an den Schuldverschreibungen (*beneficial ownership*) vorgelegt hat.

(b) In compliance with United States tax laws and regulations, bearer notes may not be offered, sold or delivered within the United States or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Each dealer and agent has agreed (i) that he will not at any time in connection with the original issuance of the Bonds or within the Restricted Period, offer or sell Bonds to a person who is within the United States or to a U.S. person except as permitted by U.S. tax regulations and (ii) that he will not deliver Bonds sold during the Restricted Period in definitive form within the United States. No Bonds (other than the Temporary Global Bond) may be delivered, and no interest may be paid until the person entitled to receive such Bonds or such interest has furnished the written certification of non-U.S. beneficial ownership described in §2(2)(a).

(c) Auf den Globalurkunden und etwaigen effektiven Urkunden und Zinsscheinen wird folgende Aufschrift angebracht: „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 Section 165(j) and 1287(a) of the Internal Revenue Code." Die in der Aufschrift genannten Vorschriften sehen abgesehen von bestimmten Ausnahmen vor, dass eine *U.S. person* keine Verlustabzüge vornehmen darf, und schließen eine Behandlung als Kapitalertrag (*capital gain treatment*) hinsichtlich jedes Ertrags aus, der aus einem Verkauf, Umtausch oder einer Rückzahlung der Schuldverschreibung stammt. Begriffe, die in diesem §2 verwendet werden,

(c) The following legend will appear on the Global Bonds and, if any, the definitive Bonds and coupons pertaining to the Bonds: "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 Section 165(j) and 1287(a) of the Internal Revenue Code". The sections referred to in such legend provide that, with certain exceptions, a U.S. person will not be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain, realised on the sale, exchange or redemption of such Bond. Terms used in this §2 have the meanings given to them by the U.S Internal Revenue Code of 1986 and

haben die ihnen im U.S. Internal Revenue Code von 1986 und darunter erlassenen Vorschriften zugewiesene Bedeutung.

(d) Die Vorläufige Globalurkunde und die Dauer-Globalurkunde sind von zwei vertretungsberechtigten Repräsentanten der Emittentin (und zusätzlich von einem Kontrollbeauftragten für die Emissionsstelle) unterschrieben.

regulations thereunder.

(d) The Temporary Global Bond and the Permanent Global Bond are executed by two authorised representatives on behalf of the Issuer (and additionally authenticated by an authorised officer on behalf of the Fiscal Agent).

§3
Status

(1) *Status der Schuldverschreibungen*

Die Schuldverschreibungen begründen (vorbehaltlich der Regelung in §1(1)(a)) nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen bestehenden und zukünftigen nicht besicherten und nachrangigen Verbindlichkeiten der Emittentin zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben. Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin stehen die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen im Rang nach den Ansprüchen aller anderen nicht nachrangigen Gläubiger, so dass Zahlungen auf die Schuldverschreibungen solange nicht erfolgen, wie die Ansprüche Dritter gegen die Emittentin aus nicht nachrangigen Verbindlichkeiten nicht zuerst vollständig befriedigt sind. Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen gegen mögliche Forderungen der Emittentin gegen sie aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus den Schuldverschreibungen aufzurechnen. Für die Rechte der Anleihegläubiger aus den Schuldverschreibungen ist diesen (vorbehaltlich der Regelung in §1(1)(a)) keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden. Nachträglich können weder der Nachrang gemäß diesem §3 beschränkt, noch der Endfälligkeitstag (wie in §4(2) definiert) der Schuldverschreibungen geändert noch die jeweiligen Kündigungsfristen verkürzt werden.

(2) *Nachrangigkeit der Garantie*

(a) Gemäß den Bestimmungen der Garantie werden im Fall der Auflösung, der Liquidation oder der Insolvenz der Garantin oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Garantin die Ansprüche der Anleihegläubiger aus der Garantie erst befriedigt, nachdem die Ansprüche sämtlicher nicht

§3
Status

(1) *Status of the Bonds*

The obligations under the Bonds constitute (subject to §1(1)(a)) unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for any obligations required to be preferred by law. In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, the obligations of the Issuer under the Bonds will be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated creditors of the Issuer shall have first been satisfied in full. No Bondholder may set off any claims arising under the Bonds against any claims that the Issuer may have against it. The Issuer may not set off any claims it may have against the Bondholders against any of its obligations under the Bonds. Subject to §1(1)(a), no security of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Bondholders under the Bonds. No subsequent agreement may limit the subordination pursuant to the provisions set out in this §3 or amend the Maturity Date (as defined in §4(2)) in respect of the Bonds to any earlier date or shorten any applicable notice period (*Kündigungsfrist*).

(2) *Subordination of the Guarantee*

(a) Pursuant to the provisions of the Guarantee, in the event of the dissolution, liquidation, insolvency or of other proceedings for the avoidance of insolvency of the Guarantor, the claims of the Bondholders under the Guarantee will be satisfied after (but only after) the claims of all unsubordinated creditors of the

nachrangiger Gläubiger der Garantin zuerst vollumfänglich befriedigt worden sind.

Die Anleihegläubiger werden ausdrücklich darauf hingewiesen, dass unter den oben genannten Umständen Zahlungen der Garantin unter der Garantie auf die Schuldverschreibungen nur unter Wahrung oben stehender Nachrangigkeit erfolgen werden.

(b) Die Anleihegläubiger sind nicht berechtigt, Forderungen aus der Garantie mit möglichen Forderungen der Garantin gegen sie aufzurechnen.

Guarantor have first been paid in full.

Bondholders are explicitly referred to the fact that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to the Guarantee only in accordance with the subordination described above.

(b) No Bondholder may set off any claims arising under the Guarantee against any claims that the Guarantor may have against it.

§4
Zinsen

(1) *Feste Zinsperiode*

Zinsen auf die Schuldverschreibungen werden vom Begebungstag einschließlich bis zum 21. Juni 2013 ausschließlich wie folgt gezahlt:

(a) Die Schuldverschreibungen werden vom Begebungstag einschließlich bis zum 21. Juni 2013 ausschließlich mit jährlich 6,75% verzinst. Die Zinsen sind, vorbehaltlich der Regelung in §4(3), nachträglich jährlich am 21. Juni eines jeden Jahres, erstmals am 21. Juni 2004 fällig (jeweils ein „**Festzins-Zahlungstag**"). Der am 21. Juni 2004 fällige Zins erfasst den Zeitraum vom Begebungstag einschließlich bis zum 21. Juni 2004 ausschließlich.

(b) Zinsen, die auf eine feste Zinsperiode von weniger als einem Jahr zu berechnen sind, werden auf Basis der tatsächlich verstrichenen Tage, geteilt durch 365 bzw. 366 (tatsächliche Anzahl der Tage im jeweiligen Zinsjahr) berechnet.

(2) *Variable Zinsperiode*

Zinsen auf die Schuldverschreibungen werden vom 21. Juni 2013 einschließlich bis zum Floating-Rate-Zahlungstag (wie nachstehend definiert) im Juni 2023 (der „**Endfälligkeitstag**") ausschließlich wie folgt gezahlt:

(a) Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen werden die Schuldverschreibungen vom 21. Juni 2013 einschließlich bis zum Endfälligkeitstag ausschließlich in Höhe des von der Berechnungsstelle (wie nachstehend definiert) entsprechend §4(2)(e) unten festgesetzten Zinssatzes, basierend auf dem EURIBOR für Dreimonats-Einlagen in Euro, zuzüglich einer Marge von 3,45% (die „**Marge**") verzinst, wobei die

§4
Interest

(1) *Fixed Interest Period*

Interest on the Bonds from and including the Issue Date to but excluding 21st June 2013 will be paid as follows:

(a) The Bonds bear interest at the rate of 6.75% per annum on their principal amount from and including the Issue Date to but excluding 21st June 2013. Subject to §4(3), interest shall be payable annually in arrear on 21st June of each year commencing on 21st June 2004 (each a "**Fixed Interest Payment Date**"). Interest due on 21st June 2004 covers the period from and including the Issue Date to but excluding 21st June 2004.

(b) If interest is to be calculated for a fixed interest period of less than a full year, such interest shall be calculated on the basis of the actual number of days elapsed, divided by 365 or 366 (actual number of days in the respective annual interest period).

(2) *Floating Interest Period*

Interest on the Bonds from and including 21st June 2013 to but excluding the Floating Interest Payment Date (as defined below) falling in June 2023 (the "**Maturity Date**") will be paid as follows:

(a) Unless previously redeemed in accordance with these Terms and Conditions of the Bonds, the Bonds shall bear interest on their principal amount from and including 21st June 2013 to but excluding the Maturity Date, at a rate determined by the Calculation Agent (as defined below) pursuant to §4(2)(e) below equal to EURIBOR for three-month euro deposits plus 3.45% (the "**Margin**") payable, subject to §4(3), quarterly in arrear on each

Zinsen, vorbehaltlich der Regelung in §4(3), vierteljährlich rückwirkend an jedem Floating-Rate-Zahlungstag ausgezahlt werden und die erste Zinszahlung an dem ersten Floating-Rate-Zahlungstag im September 2013 erfolgt.

(b) „**Floating-Rate-Zahlungstag**" ist, vorbehaltlich (c) unten, der 21. März, 21. Juni, 21. September und 21. Dezember eines jeden Jahres.

(c) Fällt ein Floating-Rate-Zahlungstag auf einen Tag, der kein Geschäftstag ist, so wird der Floating-Rate-Zahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall fällt der Floating-Rate-Zahlungstag auf den unmittelbar vorausgehenden Geschäftstag.

(d) In diesen Anleihebedingungen bezeichnet „**Geschäftstag**" einen Tag, an dem das Trans-European Automated Real-time Gross-settlement Express Transfer System („**TARGET**") sowie die Clearing-Systeme betriebsbereit sind, um die betreffenden Zahlungen in Euro abzuwickeln und, soweit es die Vornahme von Zahlungen betrifft, Geschäftsbanken und Devisenmärkte am entsprechenden Ort der Vorlegung Zahlungen abwickeln und für den allgemeinen Geschäftsbetrieb (einschließlich Devisenhandels- und Deviseneinlagengeschäft) geöffnet sind.

(e) Der Zinssatz (der „**Zinssatz**") für jede variabel verzinsliche Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, entweder:

(i) der Angebotssatz (für den Fall, dass – wie regelmäßig – auf der Bildschirmseite (wie nachstehend definiert) nur ein Angebotssatz angezeigt wird); oder

(ii) das arithmetische Mittel der Angebotssätze (falls erforderlich, auf das nächste eintausendstel Prozent auf- oder abgerundet, wobei 0,0005 aufgerundet wird),

(ausgedrückt als Prozentsatz per annum) für Dreimonats-Einlagen in Euro für die jeweilige variabel verzinsliche Zinsperiode (wie nachstehend definiert), der bzw. die auf der Bildschirmseite am Zinsfestlegungstag (wie nachstehend definiert) um 11 Uhr (Brüsseler Ortszeit) angezeigt wird bzw. werden, zuzüglich der Marge, wobei alle Festlegungen durch die Deutsche Bank Aktiengesellschaft als Berechnungsstelle (die „**Berechnungsstelle**") erfolgen.

Floating Interest Payment Date, the first such payment to be made on the Floating Interest Payment Date falling in September 2013.

(b) "**Floating Interest Payment Date**" means, subject to (c) below, 21st March, 21st June, 21st September and 21st December in each year.

(c) If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Floating Interest Payment Date shall be the immediately preceding Business Day.

(d) In these Terms and Conditions of the Bonds, "**Business Day**" means a day on which the Trans-European Automated Real-time Gross-settlement Express Transfer System ("**TARGET**") and the Clearing Systems are operational to effect such payments in euro and, in relation to the making of any payment, commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign currency deposits) in the relevant place of presentation.

(e) The rate of interest (the "**Rate of Interest**") for each Floating Interest Period (as defined below) will, except as provided below, be either:

(i) the offered quotation (if the Screen Page (as defined below) ordinarily provides only one quotation); or

(ii) the arithmetic mean (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for three month deposits in euro for that Floating Interest Period (as defined below) which appears or appear, as the case may be, on the Screen Page as of 11.00 a.m. (Brussels time) on the Interest Determination Date (as defined below) plus the Margin, all as determined by Deutsche Bank Aktiengesellschaft, as calculation agent (the "**Calculation Agent**").

„**Variabel verzinsliche Zinsperiode**" ist in diesem §4(2) jeweils der Zeitraum vom 21. Juni 2013 einschließlich bis zum ersten Floating-Rate-Zahlungstag ausschließlich und danach von jedem Floating-Rate-Zahlungstag einschließlich bis zum jeweils darauf folgenden Floating-Rate-Zahlungstag ausschließlich.

„**Zinsfestlegungstag**" ist der zweite TARGET-Geschäftstag (wie nachstehend definiert) vor Beginn der jeweiligen variabel verzinslichen Zinsperiode. „**TARGET-Geschäftstag**" ist ein Tag (außer Samstag oder Sonntag), an dem alle maßgeblichen Bereiche des TARGET-Systems betriebsbereit sind.

„**Bildschirmseite**" ist die Telerate-Seite 248, „**EURIBOR-Bildschirmseite**" (oder eine andere Bildschirmseite von Telerate oder von einem anderen Informationsanbieter als Nachfolger, welche die Telerate-Seite 248 ersetzt).

Wenn im vorstehenden Fall (ii) auf der Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste Angebotssatz (falls mehr als ein solcher Niedrigstsatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird) außer Acht gelassen; diese Bestimmung gilt entsprechend für diesen gesamten Absatz (e).

Sollte die Bildschirmseite nicht zur Verfügung stehen, oder wird im vorstehenden Fall (i) kein Angebotssatz angezeigt, oder werden im vorstehenden Fall (ii) weniger als drei Angebotssätze angezeigt (in jedem dieser Fälle zu der genannten Zeit), wird die Berechnungsstelle von fünf von ihr ausgewählten Referenzbanken (wie nachstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Dreimonats-Einlagen in Euro für die betreffende variabel verzinsliche Zinsperiode gegenüber führenden Banken im Interbanken-Markt in den Teilnehmerstaaten der dritten Stufe der Wirtschafts- und Währungsunion („**WWU**") im Sinne des Vertrages über die Europäische Union anfordern. Maßgeblich sind die Angebotssätze um ca. 11 Uhr (Brüsseler Ortszeit) am Zinsfestlegungstag. Sofern zwei oder mehr der ausgewählten Referenzbanken der Berechungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel dieser Angebotssätze (falls erforderlich, auf-

"**Floating Interest Period**" means in this §4(2) each period from and including 21st June 2013 to but excluding the first Floating Interest Payment Date thereafter and thereafter from and including each Floating Interest Payment Date to but excluding the following Floating Interest Payment Date.

"**Interest Determination Date**" means the second TARGET Business Day (as defined below) prior to the commencement of the relevant Floating Interest Period. "**TARGET Business Day**" means a day (other than a Saturday or a Sunday) on which all relevant parts of the TARGET System are operational.

"**Screen Page**" means Telerate Page 248 "**EURIBOR Screen Page**" (or such other screen page of Telerate or such other information service which is the successor to Telerate Page 248 for the purpose of displaying such rates).

If, in the case of (ii) above, five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations and this rule shall apply throughout this subparagraph (e).

If the Screen Page is not available or if, in the case of (i) above, no such quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at such time, the Calculation Agent shall request the five Reference Banks (as defined below) selected by it to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for three-month deposits in euro for the relevant Floating Interest Period to leading banks in the interbank market of the participating Member States in the third stage of the Economic and Monetary Union ("**EMU**"), as contemplated by the Treaty on European Union. The relevant offered quotations shall be those offered at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date. As long as two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Floating Interest Period shall be the arithmetic mean of such offered quotations

oder abgerundet auf das nächste eintausendstel Prozent, wobei 0,0005 aufgerundet wird) zuzüglich der Marge. Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, an dem letzten Tag vor dem Zinsfestlegungstag, an dem ein solcher Angebotssatz angezeigt wurde, zuzüglich der Marge.

„**Referenzbanken**" sind diejenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der Bildschirmseite angezeigt wurde.

(f) Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zinsfestlegungstag den Zinssatz bestimmen und den auf die Schuldverschreibungen zahlbaren Zinsbetrag (der „**Zinsbetrag**") für die entsprechende variabel verzinsliche Zinsperiode berechnen. Jeder Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf die Stückelung angewendet werden, wobei der daraus resultierende Betrag auf den nächsten Cent auf- oder abgerundet wird, und 0,5 oder mehr eines Cent aufgerundet werden.

„**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf jede Schuldverschreibung für eine variabel verzinsliche Zinsperiode oder einen Teil davon (der „**Zinsberechnungszeitraum**") die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360.

(g) Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige variabel verzinsliche Zinsperiode und der betreffende Floating-Rate-Zahlungstag der Emittentin und jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, sowie den Anleihegläubigern gemäß §11 unverzüglich, aber keinesfalls später als am vierten auf die Berechnung folgenden TARGET-Geschäftstag mitgeteilt werden. Im Fall einer Verlängerung oder Verkürzung der variabel verzinslichen Zinsperiode können der mitgeteilte Zinsbetrag und der Floating-Rate-Zahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird unverzüglich allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Anleihegläubigern gemäß §11 mitgeteilt.

(rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) plus the Margin. If the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered plus the Margin.

As used herein, "**Reference Banks**" means those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page.

(f) The Calculation Agent will, on or as soon as practicable after each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest (the "**Interest Amount**") payable on the Bonds for the relevant Floating Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to the Denomination and rounding the resultant figure to the nearest cent, with 0.5 or more of a cent being rounded upwards.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on each Bond for any Floating Interest Period or part thereof (the "**Calculation Period**"), the actual number of days in the Calculation Period divided by 360.

(g) The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer and, if required by the rules of any stock exchange on which the Bonds are from time to time listed, to such stock exchange, and to the Bondholders in accordance with §11 promptly, but in any event not later than the fourth TARGET Business Day after their determination. Each Interest Amount and Floating Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements may be made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Bonds are then listed and to the Bondholders in accordance with §11.

(h) Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieser Anleihebedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten, Böswilligkeit oder ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Garantin, die Emissionsstelle, die Zahlstellen und die Anleihegläubiger bindend.

(h) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions of the Bonds by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Fiscal Agent, the Paying Agents and the Bondholders.

(3) *Zinsrückstände*

Zinsen, die während eines Zeitraumes auflaufen, der an einem obligatorischen Zinszahlungstag (wie nachstehend definiert) (ausschließlich) endet, sind an diesem obligatorischen Zinszahlungstag zu zahlen. Zinsen, die während eines Zeitraumes auflaufen, der an einem fakultativen Zinszahlungstag (wie nachstehend definiert) (ausschließlich) endet, sind nur dann an diesem fakultativen Zinszahlungstag zu zahlen, wenn sich die Emittentin gemäß §11 durch Benachrichtigung der Anleihegläubiger unter Einhaltung einer Frist von nicht weniger als 10 und nicht mehr als 15 TARGET-Geschäftstagen dafür entscheidet (wobei eine solche Mitteilung unwiderruflich ist und die Emittentin verpflichtet ist, diese Zinsen an diesem fakultativen Zinszahlungstag zu zahlen); ansonsten stellen diese Zinsen „**Zinsrückstände**" dar. Die Emittentin ist nicht verpflichtet, Zinsen an einem fakultativen Zinszahlungstag zu zahlen, wenn sie sich gegen eine solche Zahlung entschieden hat; eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin. Die Emittentin kann ausstehende Zinsrückstände jederzeit ganz oder teilweise unter Benachrichtigung der Anleihegläubiger gemäß §11 bei Einhaltung einer Frist von nicht weniger als 10 und nicht mehr als 15 TARGET-Geschäftstagen zahlen (wobei eine solche Mitteilung unwiderruflich ist und die Emittentin verpflichtet ist, die jeweiligen Zinsrückstände an dem in dieser Mitteilung genannten Zahlungstag zu zahlen).

(3) *Arrears of Interest*

Interest which accrues during a period ending on (but excluding) a Compulsory Interest Payment Date (as defined below) will be payable on that Compulsory Interest Payment Date. Interest which accrues during a period ending on (but excluding) an Optional Interest Payment Date (as defined below) will be payable on that Optional Interest Payment Date only if the Issuer so elects by not less than 10 nor more than 15 TARGET Business Days' notice to the Bondholders in accordance with §11 (which notice will be irrevocable and will oblige the Issuer to pay that interest on that Optional Interest Payment Date) and will otherwise constitute "**Arrears of Interest**". The Issuer shall not have any obligation to pay interest on any Optional Interest Payment Date if it does not elect to do so and any such failure to pay shall not constitute a default of the Issuer. The Issuer may pay outstanding Arrears of Interest (in whole or in part) at any time on giving not less than 10 nor more than 15 TARGET Business Days' notice to the Bondholders in accordance with §11 (which notice will be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in that notice).

Die Emittentin ist verpflichtet, ausstehende Zinsrückstände (vollständig, jedoch nicht teilweise) an dem zuerst eintretenden der folgenden Tage zu zahlen:

The Issuer will be obliged to pay outstanding Arrears of Interest (in whole but not in part) on the earlier of:

(i) am nächsten obligatorischen Zinszahlungstag;

(i) the next Compulsory Interest Payment Date;

(ii) an dem Tag, an dem die Rückzahlung der Schuldverschreibungen fällig ist;

(ii) the due date for redemption of the Bonds;

(iii) an dem Tage, an dem eine Verfügung zur Auflösung, Abwicklung oder Liquidation der Emittentin oder der Garantin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. der

(iii) the date on which an order is made for the winding up or dissolution and liquidation of the Issuer or the Guarantor (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes

die Emittentin oder die Garantin noch zahlungsfähig sind und bei dem bzw. der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin oder Garantin übernimmt, welche der beiden auch betroffen sein mag); und

(iv) an dem Tag, an dem entweder die Emittentin oder die Garantin (aufgrund der Garantie oder aus einem sonstigen Grund) Zinsen auf eine Nachrangige Schuldverschreibung leistet.

substantially all of the assets and obligations of the Issuer or the Guarantor, as the case may be); and

(iv) the date on which the Issuer or the Guarantor (pursuant to any guarantee or otherwise) makes any payment of interest on a Junior Security.

Die Emittentin ist verpflichtet, entsprechende anteilige Zahlungen (prozentual berechnet) auf Zinsrückstände an dem Festzins-Zahlungstag bzw. dem Floating-Rate-Zahlungstag zu leisten, der dem Tag unmittelbar folgt, an dem entweder die Emittentin oder die Garantin (aufgrund der Garantie oder aus einem sonstigen Grund) Aufgeschobene Zinsen auf eine Gleichrangige Schuldverschreibung leistet. Stichtag für die Berechnung einer solchen anteiligen Zahlung ist der Tag, an dem die Zahlung der Aufgeschobenen Zinsen zu leisten ist.

The Issuer will be obliged to make a pro rata payment (expressed as a percentage) of Arrears of Interest on the Fixed Interest Payment Date or the Floating Interest Payment Date, as applicable, immediately following the date on which the Issuer or the Guarantor (pursuant to any guarantee or otherwise) makes any payment of Deferred Interest on a Parity Security. Any such pro rata payment will be calculated by reference to the date of payment of such Deferred Interest.

Zinsrückstände werden nicht verzinst.

Arrears of Interest will not themselves bear interest.

In diesem §4(3) haben die folgenden Begriffe die ihnen nachstehend zugewiesene Bedeutung:

In this §4(3) the following terms have the meaning ascribed thereto:

„**Aufgeschobene Zinsen**" sind sämtliche Zinsen, die für eine Gleichrangige Schuldverschreibung an einem vorgesehenen Zinszahlungstag einer solchen Gleichrangigen Schuldverschreibung nicht bezahlt worden sind;

"**Deferred Interest**" means any interest deferred on a Parity Security on any scheduled interest payment date for such Parity Security;

ein „**fakultativer Zinszahlungstag**" ist jeder Festzins- oder Floating-Rate-Zahlungstag, bei dem alle folgenden Kriterien erfüllt sind: (a) auf der jährlichen Hauptversammlung der Garantin unmittelbar vor diesem Festzins- oder Floating-Rate-Zahlungstag wurde für keine Aktiengattung der Garantin eine Dividende, andere Ausschüttung oder Zahlung festgesetzt, und (b) seit dieser jährlichen Hauptversammlung der Garantin ist für keine Aktiengattung eine Dividende, andere Ausschüttung oder Zahlung festgesetzt worden;

"**Optional Interest Payment Date**" means any Fixed Interest Payment Date or Floating Interest Payment Date in respect of which all of the following criteria are met: (a) no dividend or other distribution or payment was declared in respect of any class of shares of the Guarantor at the Annual General Meeting (*jährliche Hauptversammlung*) of the Guarantor immediately preceding that Fixed Interest Payment Date or Floating Interest Payment Date; and (b) no such dividend or other distribution of payment has been declared in respect of any class of shares of the Guarantor since that Annual General Meeting of the Guarantor;

„**Gleichrangige Schuldverschreibungen**" ist jede nachrangige Schuldverschreibung, die von der Emittentin oder der Garantin begeben oder von der Garantin garantiert wird und die gleichrangig im Verhältnis zu den Schuldverschreibungen ist (oder im Falle einer Begebung durch die Emittentin gleichrangig wäre);

"**Parity Security**" means any subordinated debt security issued by the Issuer or the Guarantor or guaranteed by the Guarantor which ranks or, had it been issued by the Issuer, would rank *pari passu* with the Bonds;

„**Nachrangige Schuldverschreibung**" ist jede nachrangige Schuldverschreibung, die von der Emittentin oder Garantin begeben oder von der Garantin garantiert wird und die zudem nachrangig im

"**Junior Security**" means any subordinated debt security issued by the Issuer or the Guarantor or guaranteed by the Guarantor which ranks or, had it been issued by the Issuer, would rank junior to the

Verhältnis zu den Schuldverschreibungen oder einer Gleichrangigen Schuldverschreibung ist (oder im Falle einer Begebung durch die Emittentin nachrangig wäre); und

Bonds or a Parity Security; and

ein „**obligatorischer Zinszahlungstag**" ist jeder Festzins- oder Floating Rate-Zahlungstag, der kein fakultativer Zinszahlungstag ist.

"**Compulsory Interest Payment Date**" means any Fixed Interest Payment Date or Floating Interest Payment Date which is not an Optional Interest Payment Date.

(4) Die Verzinsung der Schuldverschreibungen endet mit Beginn des Tages, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen, spätestens jedoch mit dem vierzehnten Tag nach einer Bekanntmachung der Emissionsstelle, dass bei dieser die zur Tilgung erforderlichen Mittel zur Verfügung stehen. Der jeweils anzuwendende Zinssatz wird gemäß diesem §4 bestimmt.

(4) The Bonds shall cease to bear interest from the beginning of the day they are due for redemption. If the Issuer shall fail to redeem the Bonds when due, interest shall continue to accrue on the outstanding principal amount of the Bonds beyond the due date until actual redemption of the Bonds, but not after the fourteenth day after a notice has been published by the Fiscal Agent to the effect that the necessary funds for redemption are available at the offices of the Fiscal Agent. The applicable rate of interest will be determined in accordance with this §4.

§5
Rückzahlung und Rückkauf

(1) *Rückzahlung bei Endfälligkeit*

Falls sie nicht zuvor zurückgezahlt oder zurückgekauft und eingezogen wurden (wie nachstehend ausgeführt), wird die Emittentin die Schuldverschreibungen zu ihrem Nennbetrag am Endfälligkeitstag zurückzahlen, und zwar nebst Zinsen, die bis zu diesem Tag aufgelaufen sind, einschließlich sämtlicher ausstehender Zinsrückstände.

(2) *Kündigung und Rückzahlung aufgrund eines aufsichtsrechtlichen Ereignisses oder aus Steuergründen*

Bei Eintritt eines Gross-up-Ereignisses (wie nachstehend definiert) oder eines Steuerereignisses (wie nachstehend definiert) vor dem 21. Juni 2013, vorbehaltlich der Regelungen des §5(6), oder bei Eintritt eines aufsichtsrechtlichen Ereignisses (wie nachstehend definiert) ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht in Teilbeträgen) durch eine unwiderrufliche Benachrichtigung der Anleihegläubiger gemäß §11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen und zu ihrem vorzeitigen Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen. Dabei gilt im Falle eines Gross-up-Ereignisses Folgendes:

(a) Eine solche Rückzahlungsmitteilung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin oder die Garantin erstmals verpflichtet wäre, diese zusätzlichen Beträge zu zahlen, wenn die Zahlung in Bezug auf die

§5
Redemption and Purchase

(1) *Redemption at Maturity*

Unless previously redeemed, or purchased and cancelled as provided below, the Bonds will be redeemed by the Issuer at their principal amount on the Maturity Date, together with interest accrued to that date including all outstanding Arrears of Interest.

(2) *Call and redemption because of a Regulatory Event or for tax reasons*

If prior to 21st June 2013 either a Gross-up Event (as defined below) or a Tax Event (as defined below) occurs in each case subject to §5(6), or a Regulatory Event occurs (as defined below), the Issuer may call and redeem the Bonds (in whole but not in part) at their Early Redemption Amount (as defined below) at any time on giving not less than 30 nor more than 60 days' irrevocable notice to the Bondholders in accordance with §11. In the case of a Gross-up Event:

(a) no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be for the first time obliged to pay the additional amounts in question on payments due in

Schuldverschreibungen dann fällig wäre bzw. wenn eine ordnungsgemäße Zahlungsaufforderung unter der Garantie erfolgen würde; und

(b) vor Abgabe einer solchen Rückzahlungsmitteilung wird die Emittentin der Emissionsstelle folgende Dokumente übergeben oder für deren Übergabe sorgen:

(i) eine von zwei Vorstandsmitgliedern der Emittentin unterzeichnete Bescheinigung, die bestätigt, dass die Emittentin berechtigt ist, diese Rückzahlung durchzuführen, und in der die Tatsachen dargelegt sind, aus denen deutlich wird, daß die Bedingungen hinsichtlich des Rechts der Emittentin auf Durchführung dieser Rückzahlung eingetreten sind; und

(ii) ein Gutachten eines angesehenen unabhängigen Rechtsberaters, aus dem hervorgeht, dass die Emittentin bzw. die Garantin verpflichtet ist oder verpflichtet sein wird, die betreffenden zusätzlichen Beträge als Folge der entsprechenden Änderung, wie in §5(3)(a) beschrieben, zu zahlen.

Bei Ablauf einer solchen in der Rückzahlungsmitteilung angegebenen Frist ist die Emittentin verpflichtet, die Schuldverschreibungen gemäß diesem §5(2) zurückzuzahlen.

(3) In diesen Anleihebedingungen haben die folgenden Begriffe die ihnen nachstehend zugewiesene Bedeutung:

(a) Ein „**Gross-up-Ereignis**" liegt vor, wenn

(i) aufgrund einer Gesetzesänderung (oder von darunter erlassenen Bestimmungen und Vorschriften) der Niederlande oder der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung dieser Gesetze, Bestimmungen oder Vorschriften die Emittentin verpflichtet ist oder verpflichtet sein wird, zusätzliche Beträge, wie in §7 beschrieben, oder die Garantin verpflichtet ist oder verpflichtet sein wird, zusätzliche Beträge als fällige Zahlungen unter der Garantie zu zahlen, und diese Änderung oder Durchführung an oder nach dem Begebungstag wirksam wird; und

(ii) die Emittentin und/oder die Garantin diese Verpflichtung nicht durch das Ergreifen zumutbarer Maßnahmen abwenden kann.

respect of the Bonds or (as the case may be) in respect of a demand for payment duly made under the Guarantee; and

(b) prior to the giving of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Fiscal Agent:

(i) a certificate signed by any two directors of the Issuer stating that the Issuer is entitled to effect that redemption and setting out a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) an opinion of an independent legal advisor of recognised standing to the effect that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay the additional amounts in question as a result of the relevant change or amendment as described in §5(3)(a).

Upon expiry of the time set out in any such notice of redemption, the Issuer will be bound to redeem the Bonds in accordance with this §5(2).

(3) In these Terms and Conditions of the Bonds the following terms have the meaning ascribed thereto:

(a) "**Gross-up Event**" means:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in §7 or the Guarantor has or will become obliged to pay additional amounts in respect of payments due under the Guarantee as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of The Netherlands or the Federal Republic of Germany or any political subdivision or any authority of or in The Netherlands or the Federal Republic of Germany, or any change in or amendment to any official interpretation or application of those laws or rules or regulations which amendment, change or execution is enacted, promulgated, issued or becomes effective on or after the Issue Date; and

(ii) that obligation cannot be avoided by the Issuer and/or the Guarantor taking reasonable measures available to it.

(b) Ein „**Steuerereignis**" liegt vor, wenn

(i) der Emissionsstelle ein Gutachten eines anerkannten unabhängigen Steuerberaters übergeben worden ist, aus dem hervorgeht, dass an oder nach dem Begebungstag als Folge

(aa) einer Gesetzesänderung (oder von darunter erlassenen Bestimmungen und Vorschriften) der Niederlande oder der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder einer ihrer Steuerbehörden, die an oder nach dem Begebungstag erlassen, verkündet oder wirksam wird; oder

(bb) einer Änderung der offiziellen Auslegung solcher Gesetze oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), die an oder nach dem Begebungstag erlassen, verkündet oder wirksam wird; oder

(cc) einer allgemein anwendbaren offiziellen Auslegung oder Verkündung, die an oder nach dem Begebungstag erlassen oder verkündet wird, und nach der die Rechtslage im Hinblick auf diese Gesetze oder Vorschriften von der früheren allgemein anerkannten Rechtslage abweicht,

Zinsen, die von der Emittentin in Bezug auf die Schuldverschreibungen zahlbar sind, von der Emittentin nicht mehr für die Zwecke der niederländischen Einkommensteuer voll abzugsfähig sind, bzw. innerhalb von 90 Tagen nach dem Datum dieses Gutachtens nicht mehr voll abzugsfähig sein werden; und

(ii) die Emittentin und/oder die Garantin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen abwenden kann.

(c) Ein „**aufsichtsrechtliches Ereignis**" liegt vor,

sobald die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde (wie nachstehend definiert) beschließt, dass die Schuldverschreibungen ganz oder teilweise nicht länger den Eigenmitteln für Zwecke der Ermittlung der Gruppensolvabilität oder der Einzelsolvabilität der Garantin zuzurechnen sind, und dieser Beschluß nicht darauf zurückgeht, dass

(b) "**Tax Event**" means:

(i) an opinion of a recognised independent tax counsel has been delivered to the Fiscal Agent, stating that on or after the Issue Date, as a result of:

(aa) any amendment to, or change in, the laws (or any rules or regulations thereunder) of The Netherlands or the Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or effective on or after the Issue Date; or

(bb) any amendment to, or change in, an official interpretation of any such laws or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or effective on or after the Issue Date; or

(cc) any generally applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,

interest payable by the Issuer in respect of the Bonds is no longer, or within 90 days of the date of that opinion will no longer be, fully deductible by the Issuer for Dutch income tax purposes; and

(ii) that risk cannot be avoided by the Issuer and/or the Guarantor taking reasonable measures available to it.

(c) "**Regulatory Event**" means:

The Bonds (in whole or in part) no longer qualify as own funds for group solvency or single solvency purposes as determined by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority (as defined below) other than as a result of any threshold applicable at the relevant time for the inclusion of a total

ein zum Zeitpunkt des Beschlusses anwendbarer Grenzwert für die Hinzurechnung eines Gesamtbetrages von nachrangigen Verbindlichkeiten zu den Eigenmittel überschritten wird, vorausgesetzt die Schuldverschreibungen sind unmittelbar vor einem solchen Beschluss von der Bundesanstalt für Finanzdienstleistungsaufsicht oder einer Nachfolgebehörde den Eigenmitteln für Zwecke der Ermittlung der Gruppensolvabilität oder der Einzelsolvabilität der Garantin zugerechnet worden.

amount of subordinated liabilities in the calculation of such own funds being exceeded, provided that immediately prior to such time the Bonds did qualify as own funds for group solvency or single solvency purposes as determined by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority.

„**Nachfolgebehörde**" ist (i) jede die Bundesanstalt für Finanzdienstleistungsaufsicht erset zende oder ihr nachfolgende Behörde oder (ii) eine übergeordnete europäische Behörde.

"**Successor Authority** means any of (i) the authority which succeeds or supersedes the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) in Germany or (ii) a superior European authority.

(d) Der „**vorzeitige Rückzahlungsbetrag**" ist (i) im Falle eines Gross-up-Ereignisses der Nennbetrag der Schuldverschreibungen zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen und aller ausstehenden Zinsrückstände oder (ii) im Falle eines Steuerereignisses oder aufsichtsrechtlichen Ereignisses entweder der Nennbetrag der Schuldverschreibungen oder der abgezinste Marktpreis (wie nachstehend definiert) der Schuldverschreibungen (wobei jeweils auf den größeren Betrag abzustellen ist), in jedem dieser Fälle zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen, und sämtlicher ausstehender Zinsrückstände.

(d) The "**Early Redemption Amount**" will (i) in the case of the occurrence of a Gross-up Event, be the principal amount of the Bonds plus accrued interest until the date of redemption (exclusive) and all outstanding Arrears of Interest or (ii) in the case of the occurrence of a Tax Event or a Regulatory Event, as the case may be, be calculated as the greater of the principal amount of the Bonds and the Make-Whole Amount (as defined below) of the Bonds, in each case, plus accrued interest until the date of redemption (exclusive) and all outstanding Arrears of Interest.

Der „**abgezinste Marktpreis**" wird von der Berechnungsstelle errechnet und entspricht der Summe der auf den Rückzahlungstag abgezinsten Werte (wie nachstehend definiert) (i) des Nennbetrages der Schuldverschreibungen und (ii) der bis 21. Juni 2013 (ausschließlich) noch erfolgenden Zinszahlungen.

The "**Make-Whole Amount**" will be calculated by the Calculation Agent and will equal the sum of the Present Values (as defined below) on the date of redemption of (i) the principal amount of the Bonds and (ii) the remaining scheduled payments of interest on the Bonds to 21st June 2013 (exclusive).

Die „**abgezinsten Werte**" werden von der Berechnungsstelle errechnet, indem der Nennbetrag der Schuldverschreibungen und bis 21. Juni 2013 verbleibende Zinszahlungen auf die Schuldverschreibungen auf jährlicher Basis, unter Zugrundelegung eines Jahres mit 365 Tagen bzw. eines Jahres mit 366 Tagen und der Zahl der tatsächlich in dem Jahr verstrichenen Tage und der angepassten vergleichbaren Rendite (wie nachstehend definiert) zuzüglich 0,80%, abgezinst werden.

The "**Present Values**" will be calculated by the Calculation Agent by discounting the principal amount of the Bonds and the remaining interest payments to 21st June 2013 on an annual basis, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such year and using the Adjusted Comparable Yield (as defined below) plus 0.80%.

Die „**angepasste vergleichbare Rendite**" entspricht der am Rückzahlungs-Berechnungstag (wie nachstehend definiert) bestehenden Rendite einer von der Berechnungsstelle, im Einvernehmen mit der Emittentin, ausgewählten Euro-Referenz-Anleihe mit einer mit dem verblei-

The "**Adjusted Comparable Yield**" will be the yield at the Redemption Calculation Date (as defined below) on the euro benchmark security selected by the Calculation Agent, after consultation with the Issuer, as having a maturity comparable to the remaining term of

benden Zeitraum bis 21. Juni 2013 vergleichbaren Laufzeit. Dabei handelt es sich um die Rendite einer solchen Euro-Referenz-Anleihe, die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer mit dem Zeitraum bis 21. Juni 2013 vergleichbaren Laufzeit verwendet würde.

the Bonds to 21st June 2013, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to 21st June 2013.

„**Rückzahlungs-Berechnungstag**" ist der dritte TARGET-Geschäftstag vor dem Tag, an dem die Schuldverschreibungen nach Wahl der Emittentin infolge eines Steuerereignisses oder eines aufsichtsrechtlichen Ereignisses zurückgezahlt werden.

"**Redemption Calculation Date**" means the third TARGET Business Day prior to the date on which the Bonds are redeemed at the option of the Issuer as a result of a Tax Event or a Regulatory Event, as the case may be.

(4) *Kündigung und vorzeitige Rückzahlung nach Wahl der Emittentin*

(4) *Call and early redemption at the option of the Issuer*

Vorbehaltlich der Regelungen des §5(6) kann die Emittentin die Schuldverschreibungen am 21. Juni 2013 oder an jedem danach folgenden Floating-Rate-Zahlungstag vollständig, aber nicht in Teilbeträgen nach Rückzahlungsmitteilung an die Anleihegläubiger gemäß §11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zum Nennbetrag zuzüglich sämtlicher bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen und sämtlicher ausstehender Zinsrückstände kündigen und vorzeitig zurückzahlen.

Subject to §5(6), the Issuer may call and redeem the Bonds early (in whole but not in part) on 21st June 2013 or on any Floating Interest Payment Date thereafter at their principal amount plus any interest accrued until the redemption date (exclusive) and all outstanding Arrears of Interest to the date of redemption on giving not less than 30 nor more than 60 days' notice of redemption to the Bondholders in accordance with §11.

Eine solche Rückzahlungsmitteilung, die gemäß §11 abgegeben wird, ist unwiderruflich und verpflichtet die Emittentin, die Schuldverschreibungen am 21. Juni 2013 oder an dem in dieser Rückzahlungsmitteilung angegebenen Floating-Rate-Zahlungstag zu ihrem Nennbetrag, nebst Zinsen, die bis zu diesem Tag aufgelaufen sind, einschließlich sämtlicher ausstehender Zinsrückstände zurückzuzahlen.

Such notice of redemption, which will be made pursuant to §11, will be irrevocable and will oblige the Issuer to redeem the Bonds on 21st June 2013 or the Floating Interest Payment Date specified in that notice at the principal amount, plus accrued interest to that date, including all outstanding Arrears of Interest.

(5) *Rückkauf*

(5) *Purchase*

Vorbehaltlich der Regelungen des §5(6) können die Emittentin, die Garantin oder jede ihrer jeweiligen Tochtergesellschaften jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.

Subject to §5(6), the Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold.

(6) *Einschränkung des Kündigungsrechts aus aufsichtsrechtlichen Gründen*

(6) *Limitation of call rights in compliance with regulatory provisions*

Mit Ausnahme einer Kündigung und Rückzahlung der Schuldverschreibungen aufgrund eines aufsichtsrechtlichen Ereignisses steht der Emittentin bis zum 16. April 2008 nicht das Recht einer Kündigung und Rückzahlung der Schuldverschreibungen gemäß §5(2) zu, es sei denn (soweit aufsichtsrechtlich für die Emittentin oder die Garantin zum Zeitpunkt der

Prior to 16th April 2008, the Issuer shall not be entitled to call and redeem the Bonds in accordance with §5(2) other than if a Regulatory Event occurs unless, at the relevant time and if required under any regulatory provision applicable to the Issuer or the Guarantor, the principal amount of the Bonds to be redeemed has been replaced by other at least

Kündigung vorgeschrieben) der zurückzuzahlende Nennbetrag der Schuldverschreibungen ist durch die Einzahlung anderer, zumindest gleichrangiger Eigenmittel ersetzt worden oder die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde stimmt der Kündigung und Rückzahlung zu.

Vor dem 21. Juni 2013 ist ein Rückkauf der Schuldverschreibungen gemäß §5(5) ohne Zustimmung der Bundesanstalt für Finanzdienstleistungen oder einer Nachfolgebehörde ausgeschlossen. Die Regelung des vorstehenden Satzes gilt nicht, soweit Tochterunternehmen der Garantin oder der Emittentin (i) die Schuldverschreibungen für fremde Rechnung oder (ii) für Sondervermögen im Sinne des §6 des Gesetzes über Kapitalanlagegesellschaften erwerben, es sei denn, Anteile an diesen Sondervermögen werden mehrheitlich von der Garantin oder einer ihrer Tochtergesellschaften gehalten.

Sofern die Emittentin nach dem 21. Juni 2013 weiterhin eine Anerkennung der Schuldverschreibungen als aufsichtsrechtliche Eigenmittel durch die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde erhalten möchte und diese Anerkennung daran gebunden ist, dass eine Kündigung und Rückzahlung der Schuldverschreibungen nach §5(4) oder ein Rückkauf der Schuldverschreibungen nach §5(5) nur mit Zustimmung der Bundesanstalt für Finanzdienstleistungsaufsicht oder einer Nachfolgebehörde erfolgt, wird die Emittentin eine Kündigung und Rückzahlung nach §5(4) bzw. einen Rückkauf der Schuldverschreibungen nach §5(5) nur mit Zustimmung der Bundesanstalt für Finanzdienstleistungsaufsicht oder einer Nachfolgebehörde vornehmen.

Sofern die Schuldverschreibungen vor dem Endfälligkeitstag unter anderen als den in diesem §5(2)–(6) beschriebenen Umständen zurückgezahlt werden, ist der Betrag der Emittentin oder der Garantin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, sofern die Garantin nicht aufgelöst wurde, sofern nicht das Kapital durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder sofern nicht eine Zustimmung der Bundesanstalt für Finanzdienstleistungsaufsicht oder einer Nachfolgebehörde hinsichtlich der vorzeitigen Rückzahlung vorliegt.

§6
Zahlungen

(1) Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen sowie alle sonstigen auf die Schuldverschreibungen zahlbaren Beträge bei Fälligkeit in Euro zu zahlen. Die

equivalent regulatory capital or the Federal Financial Super-visory Authority (*Bundesanstalt für Finanzdienst-leistungsaufsicht*) or any Successor Authority provides its prior consent to the call and redemption of the Bonds.

No purchase of the Bonds pursuant to §5(5) shall be permitted prior to 21st June 2013 without prior consent of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority. The immediately preceding sentence does not apply to any purchase made by subsidiaries of the Guarantor or the Issuer for (i) the account of a third party or (ii) funds (as defined for the purposes of section 6 of the Investment Companies Act (*Gesetz über Kapitalanlagegesellschaften*)), unless the majority of the shares in the relevant fund are held by the Guarantor or one of its subsidiaries.

If the Issuer wishes the Bonds to continue to be recognised as regulatory capital by the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority after 21st June 2013 and such continued recognition requires that the call and redemption pursuant to §5(4) or purchase of the Bonds pursuant to §5(5), as the case may be, may only be exercised with the prior consent of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority, the Issuer shall exercise the call and redemption right pursuant to §5(4) or shall purchase the Bonds pursuant to §5(5), as the case may be, only with the prior consent of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority.

If the Bonds are repaid prior to the Maturity Date in circumstances other than as described in this §5(2)–(6), then, irrespective of any agreement to the contrary, the amount so repaid must be repaid to the Issuer or the Guarantor unless the Guarantor has been wound up or the regulatory capital has been replaced by other at least equivalent regulatory capital or the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority has given its prior consent to such early redemption.

§6
Payments

(1) The Issuer undertakes to pay, as and when due, principal and interest as well as any other amounts payable on the Bonds in euro. Payment of principal and interest on the Bonds shall be made to the Fiscal

Zahlung von Kapital und Zinsen erfolgt an die Emissionsstelle zur Weiterleitung an die Clearing-Systeme oder nach deren Weisung zur Gutschrift für die jeweiligen Kontoinhaber gegen Vorlage und (sofern es sich um die Kapitalrückzahlung handelt) Einreichung der Dauer-Globalurkunde. Die Zahlung an die Clearing-Systeme oder nach deren Weisung, vorausgesetzt, die Schuldverschreibungen werden noch durch die Clearing-Systeme gehalten, befreit die Emittentin und entsprechend die Garantin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen.

Agent for on-payment to the Clearing Systems or to their order for credit to the respective account holders upon presentation and (in the case of the payment of principal) surrender of the Permanent Global Bond. Payments to the Clearing Systems or to their order shall to the extent of amounts so paid, and provided the Bonds are still held on behalf of the Clearing Systems, constitute the discharge of the Issuer and the Guarantor, respectively, from their corresponding liabilities under the Bonds.

(2) Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung, außer im Fall des §4(2)(c), erst am nächstfolgenden Geschäftstag; ein Anleihegläubiger ist nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

(2) Except as provided in §4(2)(c), if the due date for any payment of principal and/or interest is not a Business Day, payment shall be effected only on the next Business Day; a Bondholder shall have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

(3) Für den Fall, dass effektive Urkunden über einzelne Schuldverschreibungen ausgegeben worden sind, erfolgen Zahlungen von Kapital und Zinsen auf die einzelnen Schuldverschreibungen gegen Vorlage und Aushändigung der effektiven Urkunde (im Falle von Teilzahlungen durch Indossament), außer im Falle von an einem Festzins-Zahlungstag oder einem Floating-Rate-Zahlungstag fälligen Zinszahlungen, die, soweit anwendbar, gegen Vorlage des betreffenden Zinsscheins (im Falle von Teilzahlungen durch Indossament) erfolgen, jeweils bei der Geschäftsstelle der jeweiligen Zahlstelle.

(3) In the event that definitive certificates representing individual Bonds have been issued, payments of principal and of interest in respect of each Bond will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the definitive Bond, except that payments of interest due on a Fixed Interest Payment Date or a Floating Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant coupon (if applicable), in each case at the office of the relevant Paying Agent.

§7
Besteuerung

§7
Taxation

Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen (einschließlich Zahlungen der Garantin unter der Garantie) werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art geleistet, die von den Niederlanden bzw. der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Falle wird die Emittentin bzw. die Garantin zusätzliche Beträge zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Diese zusätzlichen Beträge sind jedoch nicht in Bezug auf Schuldverschreibungen zahlbar, die:

All payments of principal and interest in respect of the Bonds (including payments by the Guarantor under the Guarantee) will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by The Netherlands or the Federal Republic of Germany (as the case may be) or any political subdivision or any authority of or in The Netherlands or the Federal Republic of Germany (as the case may be) that has power to tax, unless that withholding or deduction is required by law. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in receipt by the Bondholders of the same amounts as they would have received if no such withholding or deduction had been required, except that no additional amounts will be payable in respect of any Bond if it is presented for payment:

(a) von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, der

(a) by or on behalf of a Bondholder which is liable to such taxes, duties, assessments or

solchen Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren in Bezug auf diese Schuldverschreibungen dadurch unterliegt, dass er eine Verbindung zu den Niederlanden oder der Bundesrepublik Deutschland hat, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht; oder

governmental charges in respect of that Bond by reason of its having some connection with The Netherlands or the Federal Republic of Germany (as the case may be) other than the mere holding of that Bond; or

(b) von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, obwohl er solchen Einbehalt oder Abzug durch Vorlage eines Formulars oder einer Urkunde und/oder durch Abgabe einer Nichtansässigkeits-Erklärung oder Inanspruchnahme einer vergleichbaren Ausnahme oder Geltendmachung eines Erstattungsanspruches hätte vermeiden können; oder

(b) by or on behalf of a Bondholder which would be able to avoid such withholding or deduction by presenting any form or certificate and/or making a declaration of non-residence or similar claim for exemption or refund but fails to do so; or

(c) später als 30 Tage nach dem Stichtag (wie nachstehend definiert) vorgelegt werden; oder

(c) more than 30 days after the Relevant Date (as defined below); or

(d) für den Fall von Einbehalten und Abzügen bei Zahlungen an Einzelpersonen gemäß einer Richtlinie der Europäischen Union zur Besteuerung privater Zinserträge erfolgen, die die Beschlüsse der ECOFIN-Versammlung vom 26. bis 27. November 2000 umsetzt oder aufgrund eines Gesetzes, das aufgrund dieser Richtlinie erlassen wurde, ihr entspricht oder eingeführt wurde, um dieser Richtlinie nachzukommen; oder

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, der diesen Einbehalt oder Abzug durch Vorlage der Schuldverschreibung bei einer Zahlstelle in einem anderen Mitgliedsstaat der Europäischen Union hätte vermeiden können.

(e) by or on behalf of a Bondholder which would have been able to avoid such withholding or deduction by presenting the Bond to a Paying Agent in another Member State of the European Union.

In diesen Anleihebedingungen ist der „**Stichtag**" entweder der Tag, an dem die betreffende Zahlung erstmals fällig wird, oder, falls nicht der gesamte zahlbare Betrag an oder vor diesem Fälligkeitstag bei der Emissionsstelle eingegangen ist, der Tag, an dem den Anleihegläubigern eine Mitteilung über den Erhalt des Gesamtbetrages in Übereinstimmung mit §11 bekannt gemacht worden ist, wobei der später eintretende Tag maßgeblich ist.

In these Terms and Conditions of the Bonds "**Relevant Date**" means whichever is the later of the date on which the payment in question first becomes due and, if the full amount payable has not been received by the Fiscal Agent on or prior to that due date, the date on which notice of receipt of the full amount has been given to the Bondholders in accordance with §11.

Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen schließt jegliche zusätzlichen Beträge im Hinblick auf Kapital bzw. Zinsen ein, die gemäß diesem §7 zahlbar sind.

Any reference in these Terms and Conditions of the Bonds to principal or interest will be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this §7.

§8
Vorlegungsfrist

Die Vorlegungsfrist im Hinblick auf Kapital wird auf zehn Jahre und im Hinblick auf Zinsen auf die Schuldverschreibungen auf vier Jahre reduziert. Die Emittentin und/oder die Garantin können bei dem

§8
Presentation Period

The presentation period shall be reduced to ten years in respect of principal and to four years in respect of interest on the Bonds. The Issuer and/or Guarantor may irrevocably deposit with the local court

Amtsgericht in Frankfurt am Main innerhalb eines Jahres nach Fälligkeit unwiderruflich sämtliche Beträge hinterlegen, die nicht innerhalb eines Jahres nach Fälligkeit von Anleihegläubigern beansprucht worden sind. Die Gefahr sowie die Kosten dieser Hinterlegung werden von den betreffenden Anleihegläubigern getragen. Weder die Emittentin noch die Garantin haben weitere Verpflichtungen in Bezug auf diese Beträge. Soweit die Emittentin bzw. die Garantin auf das Recht zur Rücknahme der hinterlegten Beträge verzichtet, erlöschen die betreffenden Ansprüche der Anleihegläubiger gegen die Emittentin und die Garantin.

(*Amtsgericht*) in Frankfurt am Main any amounts due on the Bonds not claimed by the Bondholders within one year after them having become due and payable. The deposit will be at the risk and expense of those Bondholders and the Issuer and the Guarantor will have no further obligation in respect of those amounts. If the Issuer or the Guarantor, as the case may be, waives all rights to withdraw such deposits the respective claims of the Bondholders against the Issuer and the Guarantor shall cease.

§9
Zahl- und Berechnungsstellen

Die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Vertreter der Emittentin und der Garantin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

Die anfänglichen Zahlstellen und die Berechnungsstelle und ihre anfänglich angegebenen Geschäftsstellen sind nachfolgend aufgeführt. Die Emittentin und die Garantin behalten sich das Recht vor, jederzeit die Ernennung einer Zahlstelle oder der Berechnungsstelle zu verändern oder zu beenden und zusätzliche oder Nachfolge-Zahlstellen zu ernennen. Dabei ist jedoch zu gewährleisten, dass die Emittentin und die Garantin, solange die Schuldverschreibungen an der Luxemburger Börse notiert sind, jederzeit eine Zahlstelle in Luxemburg unterhalten und sicherstellen, dass sie für den Fall, dass eine die Besteuerung von Geldanlagen regelnde EU-Richtlinie zur Umsetzung der Schlussfolgerungen des ECOFIN-Ratstreffens vom 26. und 27. November 2000 in Kraft tritt oder eine Rechtsnorm erlassen wird, die eine solche Richtlinie umsetzt bzw. zur Anpassung nationalen Rechts an die Richtlinie eingeführt wird, eine Zahlstelle in einem Mitgliedstaat der Europäischen Union unterhalten wird (sofern es eine derartige gibt), die nicht dazu verpflichtet ist, Steuern aufgrund einer solchen Richtlinie oder eines solchen Gesetzes an der Quelle einzubehalten oder abzuziehen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen oder die Berechnungsstelle oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß §11 mitgeteilt.

§9
Paying Agents and Calculation Agent

The Paying Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Bondholders.

The initial Paying Agents and the Calculation Agent 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 or the Calculation Agent and to appoint successor or additional Paying Agents or Calculation Agent, provided that, for as long as the Bonds are listed on the Luxembourg Stock Exchange, the Issuer and the Guarantor will at all times maintain a Paying Agent in Luxembourg; and provided further that if any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th–27th November 2000 or any law implementing or introduced in order to conform to such Directive is introduced, the Issuer and the Guarantor will ensure that (to the extent that such a Paying Agent exists) they maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law. Notice of any change in the Paying Agents or Calculation Agent or in the specified office of any Paying Agent or the Calculation Agent will promptly be given to the Bondholders in accordance with §11.

§10
Weitere Emissionen derselben Serie

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (oder in jeder Hinsicht mit Ausnahme der ersten Zinszahlung) die gleichen

§10
Further Issues of the Same Series

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the

Bedingungen wie die Schuldverschreibungen dieser Anleihe haben und die zusammen mit den Schuldverschreibungen dieser Anleihe eine einzige Serie bilden.

first payment of interest) so as to form a single series with the Bonds.

§11
Bekanntmachungen

(1) Sämtliche Mitteilungen an die Anleihegläubiger gelten als ordnungsgemäß bekannt gemacht, wenn sie in einer führenden Tageszeitung mit allgemeiner Verbreitung in Luxemburg (voraussichtlich das *Luxemburger Wort* oder das *Tageblatt*), veröffentlicht werden, solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind und die Regeln dieser Börse dies erfordern. Jede Mitteilung gilt mit dem Tag der ersten Veröffentlichung als bekannt gemacht und rechtswirksam; falls eine Veröffentlichung in mehr als einer Tageszeitung zu erfolgen hat, ist der Tag maßgeblich, an dem die Bekanntmachung erstmals in allen erforderlichen Tageszeitungen erfolgt ist.

(2) Die Bekanntmachung durch die in §11(1) genannten Zeitung(en) kann, (vorbehaltlich anwendbarer Börsenvorschriften bzw. -regeln wie in §11(1) beschrieben) solange eine die Schuldverschreibungen verbriefende Globalurkunde für die Clearing-Systeme gehalten wird, durch Abgabe der entsprechenden Mitteilung an die Clearing-Systeme zur Weiterleitung an die Anleihegläubiger ersetzt werden.

§11
Notices

(1) Notices to the Bondholders will be valid if published in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*), for so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of such exchange so require. Any such notice shall be deemed to have been given on the date of the first publication or, when required to be published in more than one newspaper, on the date on which the notice has first been published in all required newspapers.

(2) Notices to Bondholders may, (subject to applicable stock exchange rules and requirements as discussed in §11(1)), so long as any Global Bond representing the Bonds is held on behalf of the Clearing Systems, be given, in lieu of publication in such newspaper(s) pursuant to §11(1), by delivery of the relevant notice to the Clearing Systems for communication to the Bondholders.

§12
Ersetzung

(1) *Ersetzung*

Die Garantin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger sich selbst oder eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), die direkt oder indirekt von der Garantin kontrolliert wird, als neue Anleiheschuldnerin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die „**Neue Anleiheschuldnerin**"), sofern

(a) die Neue Anleiheschuldnerin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt;

(b) die Neue Anleiheschuldnerin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten hat;

§12
Substitution

(1) *Substitution*

The Guarantor may at any time, without the consent of the Bondholders, substitute for the Issuer either itself or any other company (other than an insurance undertaking) which is directly or indirectly controlled by the Guarantor, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Bonds, with the effect of releasing the Issuer of all such obligations, if:

(a) the New Issuer assumes all obligations of the Issuer arising under or in connection with the Bonds;

(b) the New Issuer has obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Bonds;

(c) die Neue Anleiheschuldnerin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in Euro an die Clearing-Systeme zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Anleiheschuldnerin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden; und

(c) the New Issuer is in the position to pay to the Clearing Systems or to the Fiscal Agent in euro and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Bonds; and

(d) für den Fall, daß die Neue Anleiheschuldnerin nicht die Garantin ist, die Bestimmungen der Ziffer 1.7 der Garantie, wonach sich die Garantie auf die von der Neuen Anleiheschuldnerin gemäß den Anleihebedingungen zahlbaren Beträge erstreckt, in vollem Umfang Bestand haben.

(d) in the event that the New Issuer is not the Guarantor, the provisions of Clause 1.7 of the Guarantee, pursuant to which the Guarantee shall extend to any and all amounts expressed to be payable by the new Issuer pursuant to these Terms and Conditions of the Bonds, shall be in full force and effect.

(2) *Bezugnahmen*

Im Fall einer Schuldnerersetzung gemäß Absatz (1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Anleiheschuldnerin und jede Bezugnahme auf die Niederlande als eine solche auf den Staat, in welchem die Neue Anleiheschuldnerin steuerlich ansässig ist.

(2) *References*

In the event of a substitution pursuant to subsection (1), any reference in these Terms and Conditions of the Bonds to the Issuer shall be a reference to the New Issuer and any reference to The Netherlands shall be a reference to the New Issuer's country of domicile for tax purposes.

(3) *Bekanntmachung und Wirksamwerden der Ersetzung*

Die Ersetzung der Emittentin ist gemäß §11 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Falle einer wiederholten Anwendung dieses §12 jede frühere Neue Anleiheschuldnerin von ihren sämtlichen Verpflichtungen aus den Schuldverschreibungen frei. Im Falle einer solchen Ersetzung werden die Wertpapierbörsen informiert, an denen die Schuldverschreibungen notiert sind, und es wird, soweit erforderlich, eine Ergänzung zu dem Offering Circular mit einer Beschreibung der Neuen Anleiheschuldnerin erstellt.

(3) *Notice and Effectiveness of Substitution*

Notice of any substitution of the Issuer shall be given by publication in accordance with §11. Upon such publication, the substitution shall become effective, and the Issuer and in the event of a repeated application of this §12, any previous New Issuer shall be discharged from any and all obligations under the Bonds. In case of such substitution, the stock exchange(s), if any, on which the Bonds are then listed will be notified and a supplemental offering circular describing the New Issuer will be prepared, if required.

§13
Anwendbares Recht und Gerichtsstand

§13
Governing Law and Jurisdiction

(1) *Anwendbares Recht*

Form und Inhalt der Schuldverschreibungen und der Garantie sowie die Rechte und Pflichten der Anleihegläubiger, der Emittentin und der Garantin bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.

(1) *Governing law*

The form and contents of the Bonds and the Guarantee and the rights and obligations of the Bondholders, the Issuer and the Guarantor shall be governed exclusively by the laws of the Federal Republic of Germany.

(2) *Erfüllungsort*

Erfüllungsort ist München.

(2) *Place of Performance*

Place of Performance shall be Munich.

(3) *Gerichtsstand und Zustellungsbevollmächtigter*

Für alle aus oder im Zusammenhang mit den Schuldverschreibungen bzw. der Garantie entstehenden Rechtsstreitigkeiten ist das Landgericht in München (Landgericht München I) zuständig. Die Anleihegläubiger können ihre Ansprüche gegen die Emittentin jedoch auch vor den Gerichten in dem Land geltend machen, in dem die Emittentin ihren Hauptsitz hat. Die Emittentin unterwirft sich hiermit der Gerichtsbarkeit der nach diesem Absatz zuständigen Gerichte. Für etwaige Rechtsstreitigkeiten vor deutschen Gerichten bestellt die Emittentin die Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Königinstrasse 107, 80802 München, Bundesrepublik Deutschland, zur Zustellungsbevollmächtigten.

(3) *Jurisdiction and Agent for Service of Process*

Any action or other legal proceedings arising out of or in connection with the Bonds or the Guarantee shall be brought in the District Court in Munich (*Landgericht München I*). The Bondholders may, however, enforce their rights against the Issuer also before the courts in the country in which the Issuer has its head office. The Issuer hereby submits to the jurisdiction of the courts which are competent pursuant to this sub-clause. The Issuer hereby appoints Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Königinstrasse 107, 80802 München, Federal Republic of Germany, in respect of any proceedings brought in the courts in the Federal Republic of Germany, as its agent for service of process.

§14
Teilunwirksamkeit

Sollte eine der Bestimmungen dieser Anleihebedingungen unwirksam oder undurchführbar sein oder werden, so bleibt die Wirksamkeit oder die Durchführbarkeit der übrigen Bestimmungen hiervon unberührt. Anstelle der unwirksamen oder undurchführbaren Bestimmungen soll, soweit rechtlich möglich, eine dem Sinn und Zweck dieser Anleihebedingungen entsprechende Regelung gelten.

§14
Severability

Should any of the provisions of these Terms and Conditions of the Bonds be or become invalid or unenforceable, the validity or the enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case the invalid or unenforceable provision shall be replaced by a provision which, to the extent legally possible, provides for an interpretation in keeping with the meaning and the economic purposes of the Terms and Conditions of the Bonds at the time of the issue of the Bonds.

§15
Sprache

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Erleichterung des Verständnisses.

§15
Language

These Terms and Conditions of the Bonds are drawn up in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English translation is for convenience only.

§16
Definitionen

In diesen Anleihebedingungen hat:

„**abgezinster Marktpreis**" die in §5(3)(d) zugewiesene Bedeutung;

„**abgezinste Werte**" die in §5(3)(d) zugewiesene Bedeutung;

„**Anleihegläubiger**" die in §1(2) zugewiesene Bedeutung;

„**angepasste vergleichbare Rendite**" die in §5(3)(d) zugewiesene Bedeutung;

„**Aufgeschobene Zinsen**" die in §4(3) zugewiesene Bedeutung;

§16
Definitions

In these Terms and Conditions of the Bonds:

"**Adjusted Comparable Yield**" has the meaning given to it in §5(3)(d);

"**Agency Agreement**" has the meaning given to it in §1(1)(b);

"**Arrears of Interest**" has the meaning given to it in §4(3);

"**Bondholders**" has the meaning given to it in §1(2);

"**Bonds**" has the meaning given to it in §1(1);

„**aufsichtsrechtliches Ereignis**" die in §5(3)(c) zugewiesene Bedeutung;

„**Begebungstag**" die in §2(2)(a) zugewiesene Bedeutung;

„**Berechnungsstelle**" die in §4(2)(e) zugewiesene Bedeutung;

„**Bildschirmseite**" die in §4(2)(e) zugewiesene Bedeutung;

„**CBL**" die in §2(2)(a) zugewiesene Bedeutung;

„**Clearing-Systeme**" die in §2(2)(a) zugewiesene Bedeutung;

„**Dauer-Globalurkunde**" die in §2(2)(a) zugewiesene Bedeutung;

„**Emissionsstelle**" die in §1(1)(b) zugewiesene Bedeutung;

„**Emittentin**" die in §1(1) zugewiesene Bedeutung;

„**Endfälligkeitstag**" die in §4(2) zugewiesene Bedeutung;

„**EURIBOR-Bildschirmseite**" die in §4(2)(e) zugewiesene Bedeutung;

„**Euroclear**" die in §2(2)(a) zugewiesene Bedeutung;

„**fakultativer Zinszahlungstag**" die in §4(3) zugewiesene Bedeutung;

„**Festzins-Zahlungstag**" die in §4(1)(a) zugewiesene Bedeutung;

„**Floating-Rate-Zahlungstag**" die in §4(2)(b) zugewiesene Bedeutung;

„**Garantie**" die in §1(1)(a) zugewiesene Bedeutung;

„**Garantin**" die in §1(1)(a) zugewiesene Bedeutung;

„**Geschäftstag**" die in §4(2)(d) zugewiesene Bedeutung;

„**Gleichrangige Schuldverschreibung**" die in §4(3) zugewiesene Bedeutung;

„**Globalurkunde**" die in §2(2)(a) zugewiesene Bedeutung;

„**Gross-up-Ereignis**" die in §5(3)(a) zugewiesene Bedeutung;

„**Marge**" die in §4(2(a) zugewiesene Bedeutung;

„**Nachfolgebehörde**" die in §5(3)(c) zugewiesene Bedeutung;

"**Business Day**" has the meaning given to it in §4(2)(d);

"**Calculation Agent**" has the meaning given to it in §4(2)(e);

"**Calculation Period**" has the meaning given to it in §4(2)(f);

"**CBL**" has the meaning given to it in §2(2)(a);

"**Clearing Systems**" has the meaning given to it in §2(2)(a);

"**Compulsory Interest Payment Date**" has the meaning given to it in §4(3);

"**Day Count Fraction**" has the meaning given to it in §4(2)(f);

"**Deferred Interest**" has the meaning given to it in §4(3);

"**Denomination**" has the meaning given to it in §2(1);

"**Early Redemption Amount**" has the meaning given to it in §5(3)(d);

"**EMU**" has the meaning given to it in §4(2)(e);

"**EURIBOR Screen Page**" has the meaning given to it in §4(2)(e);

"**Euroclear**" has the meaning given to it in §2(2)(a);

"**Fiscal Agent**" has the meaning given to it in §1(1)(b);

"**Fixed Interest Payment Date**" has the meaning given to it in §4(1)(a);

"**Floating Interest Payment Date**" has the meaning given to it in §4(2)(b);

"**Floating Interest Period**" has the meaning given to it in §4(2)(e);

"**Global Bond**" has the meaning given to it in §2(2)(a);

"**Gross-up Event**" has the meaning given to it in §5(3)(a);

"**Guarantee**" has the meaning given to it in §1(1)(a);

"**Guarantor**" has the meaning given to it in §1(1)(a);

"**Interest Amount**" has the meaning given to it in §4(2)(f);

"**Interest Determination Date**" has the meaning given to it in §4(2)(e);

„**Nachrangige Schuldverschreibung**" die in §4(3) zugewiesene Bedeutung;

„**Neue Anleiheschuldnerin**" die in §12(1) zugewiesene Bedeutung;

„**obligatorischer Zinszahlungstag**" die in §4(3) zugewiesene Bedeutung;

„**Referenzbanken**" die in §4(2)(e) zugewiesene Bedeutung;

„**Rückzahlungs-Berechnungstag**" die in §5(3)(d) zugewiesene Bedeutung;

„**Schuldverschreibungen**" die in §1(1) zugewiesene Bedeutung;

„**Sperrfrist**" die in §2(2)(a) zugewiesene Bedeutung;

„**Steuerereignis**" die in §5(3)(b) zugewiesene Bedeutung;

„**Stichtag**" die in §7 zugewiesene Bedeutung;

„**Stückelung**" die in §2(1) zugewiesene Bedeutung;

„**TARGET**" die in §4(2)(d) zugewiesene Bedeutung;

„**TARGET-Geschäftstag**" die in §4(2)(e) zugewiesene Bedeutung;

„**Variabel verzinsliche Zinsperiode**" die in §4(2)(e) zugewiesene Bedeutung;

„**Vorläufige Globalurkunde**" die in §2(2)(a) zugewiesene Bedeutung;

„**vorzeitiger Rückzahlungsbetrag**" die in §5(3)(d) zugewiesene Bedeutung;

„**WWU**" die in §4(2)(e) zugewiesene Bedeutung;

„**Zahlstellen**" die in §1(1)(b) zugewiesene Bedeutung;

„**Zahlstellenvereinbarung**" die in §1(1)(b) zugewiesene Bedeutung;

„**Zinsberechnungszeitraum**" die in §4(2)(f) zugewiesene Bedeutung;

„**Zinsbetrag**" die in §4(2)(f) zugewiesene Bedeutung;

„**Zinsfestlegungstag**" die in §4(2)(e) zugewiesene Bedeutung;

„**Zinsrückstände**" die in §4(3) zugewiesene Bedeutung;

„**Zinssatz**" die in §4(2)(e) zugewiesene Bedeutung; und

„**Zinstagequotient**" die in §4(2)(f) zugewiesene Bedeutung.

"**Issue Date**" has the meaning given to it in §2(2)(a);

"**Issuer**" has the meaning given to it in §1(1);

"**Junior Security**" has the meaning given to it in §4(3);

"**Make-Whole Amount**" has the meaning given to it in §5(3)(d);

"**Margin**" has the meaning given to it in §4(2)(a);

"**Maturity Date**" has the meaning given to it in §4(2);

"**New Issuer**" has the meaning given to it in §12(1);

"**Optional Interest Payment Date**" has the meaning given to it in §4(3);

"**Parity Security**" has the meaning given to it in §4(3);

"**Paying Agents**" has the meaning given to it in §1(1)(b);

"**Permanent Global Bond**" has the meaning given to it in §2(2)(a);

"**Present Values**" has the meaning given to it in §5(3)(d);

"**Rate of Interest**" has the meaning given to it in §4(2)(e);

"**Redemption Calculation Date**" has the meaning given to it in §5(3)(d);

"**Reference Banks**" has the meaning given to it in §4(2)(e);

"**Regulatory Event**" has the meaning given to it in §5(3)(c);

"**Relevant Date**" has the meaning given to it in §7;

"**Restricted Period**" has the meaning given to it in §2(2)(a);

"**Successor Authority**" has the meaning given to it in §5(3)(c);

"**Screen Page**" has the meaning given to it in §4(2)(e);

"**TARGET**" has the meaning given to it in §4(2)(d);

"**TARGET Business Day**" has the meaning given to it in §4(2)(e);

"**Tax Event**" has the meaning given to it in §5(3)(b); and

"**Temporary Global Bond**" has the meaning given to it in §2(2)(a).

EMISSIONS-/BERECHNUNGSSTELLE

Deutsche Bank Aktiengesellschaft
Große Gallusstrasse 10-14
60272 Frankfurt am Main
Deutschland

FISCAL AGENT/CALCULATION AGENT

Deutsche Bank Aktiengesellschaft
Große Gallusstrasse 10-14
60272 Frankfurt am Main
Germany

LUXEMBURGISCHE LISTING- UND ZAHLSTELLE

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxemburg

LUXEMBOURG LISTING AND PAYING AGENT

Deutsche Bank Luxembourg S.A.
2, Boulevard Konrad Adenauer
L-1115 Luxembourg

Guarantee

The German text of the Guarantee is legally binding.
The English translation is for convenience only.

Garantie

(auf nachrangiger Basis)

der Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, München, Bundesrepublik Deutschland zugunsten der Gläubiger der 6,75% garantierten nachrangigen fest- bzw. variabel verzinslichen Anleihe von 2003/2023 im Gesamtnennbetrag von 3.000.000.000 € (die „**Schuldverschreibungen**") der Munich Re Finance B.V., Amsterdam, Niederlande (die „**Emittentin**").

1.1 Die Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (die „**Garantin**") übernimmt hiermit gegenüber der Deutschen Bank Aktiengesellschaft zugunsten der jeweiligen Anleihegläubiger (die „**Anleihegläubiger**") auf nachrangiger Basis die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße Zahlung von Kapital und Zinsen auf die Schuldverschreibungen in Euro sowie aller sonstigen auf die Schuldverschreibungen fällig werdenden Beträge nach Maßgabe der Anleihebedingungen (die „**Garantie**"). Zahlungen im Zusammenhang mit dieser Garantie erfolgen ausschließlich gemäß den Anleihebedingungen. Bei Erfüllung von Verpflichtungen der Emittentin oder der Garantin zugunsten eines Anleihegläubigers erlischt das betreffende garantierte Recht dieses Anleihegläubigers aus den Schuldverschreibungen.

1.2 Sinn und Zweck dieser Garantie ist es sicherzustellen, dass die Anleihegläubiger unter allen tatsächlichen und rechtlichen Umständen und unabhängig von Wirksamkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin und unabhängig von sonstigen Gründen, aufgrund derer die Emittentin ihre Verpflichtungen nicht erfüllt, alle zahlbaren Beträge fristgerecht in Übereinstimmung mit den Anleihebedingungen erhalten.

1.3 Die Garantin kann die von den Anleihegläubigern innerhalb von zwölf Monaten nach Fälligkeit nicht erhobenen Beträge an Kapital und Zinsen sowie etwaige sonstige auf die Schuldverschreibungen fällige Beträge bei dem Amtsgericht in Frankfurt am Main hinterlegen. Soweit die Garantin auf das Recht zur Rücknahme der hinterlegten Beträge verzichtet, erlöschen die betreffenden Ansprüche der Anleihegläubigerin gegen die Emittentin und die Garantin.

Guarantee

(given on a subordinated basis)

of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich, Federal Republic of Germany in favour of the holders of the 6.75% Guaranteed Subordinated Fixed to Floating Rate Bonds of 2003/2023 in an aggregate principal amount of €3,000,000,000 (the "**Bonds**") of Munich Re Finance B.V., Amsterdam, the Netherlands (the "**Issuer**").

1.1 Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (the "**Guarantor**") hereby unconditionally and irrevocably guarantees on a subordinated basis to Deutsche Bank Aktiengesellschaft for the benefit of the holders of the above mentioned Bonds (the "**Bondholders**") the due payment in euro of the amounts corresponding to the principal of and interest on, as well as any other amounts due on, the Bonds (the "**Guarantee**"). Payments under this Guarantee are subject to (without limitation) the Terms and Conditions of the Bonds. Upon discharge of any obligations of the Issuer or the Guarantor subsisting hereunder in favour of any Bondholder, the relevant guaranteed right of such Bondholder under the Bonds shall cease to exist.

1.2 The intent and purpose of this Guarantee is to ensure that the Bondholders under any and all circumstances, whether factual or legal, and irrespective of validity of enforceability of the obligations of the Issuer, or any other reasons on the basis of which the Issuer may fail to fulfil its obligations, receive on the respective due date any and all sums payable in accordance with the Terms and Conditions of the Bonds.

1.3 The Guarantor may deposit with the local court (*Amtsgericht*) in Frankfurt am Main principal and interest as well as any other amounts due on the Bonds, if any, not claimed by Bondholders within twelve months after having become due. If the Guarantor waives all rights to withdraw such deposits the respective claims of Bondholders against the Issuer and the Guarantor shall cease.

1.4 Die Verbindlichkeiten der Garantin aus dieser Garantie sind mit allen anderen bestehenden und künftigen nicht besicherten und nachrangigen Verbindlichkeiten der Garantin zumindest gleichrangig, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben. Im Fall der Auflösung, der Liquidation oder der Insolvenz der Garantin oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Garantin, werden die Verbindlichkeiten der Garantin aus dieser Garantie erst befriedigt, nachdem die Ansprüche sämtlicher nicht nachrangiger Gläubiger vollumfänglich befriedigt worden sind.

Die Anleihegläubiger werden ausdrücklich darauf hingewiesen, dass unter den oben genannten Umständen Zahlungen der Garantin unter dieser Garantie auf die Schuldverschreibungen nur unter Wahrung oben stehender Nachrangigkeit erfolgen werden.

Kein Anleihegläubiger ist berechtigt, Forderungen aus den Schuldverschreibungen oder aus dieser Garantie gegen mögliche Forderungen der Garantin gegen ihn aufzurechnen. Die Garantin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern gegen Verpflichtungen aus dieser Garantie aufzurechnen.

1.5 Mit Ausnahme der Rechte unter dieser Garantie sind für die Rechte der Anleihegläubiger keine Sicherheiten irgendwelcher Art durch die Garantin oder durch Dritte gestellt worden; solche Sicherheiten werden ihnen auch zu keinem Zeitpunkt gestellt werden.

1.6 Nachträglich können weder der in dieser Garantie bestimmte Nachrang beschränkt noch die Laufzeit der Garantie auf ein Datum vor dem Endfälligkeitstag der Schuldverschreibungen verkürzt werden.

1.7 Im Falle einer Ersetzung der Emittentin durch eine Tochtergesellschaft der Garantin gemäß §12(1) der Anleihebedingungen erstreckt sich diese Garantie auf sämtliche von der Neuen Anleiheschuldnerin gemäß den Anleihebedingungen zahlbaren Beträge. Dies gilt auch dann, wenn die neue Anleiheschuldnerin die Verpflichtungen aus den Schuldverschreibungen von der Garantin übernommen hat.

2. Die Garantie stellt einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß §328(1) BGB dar, die jedem Anleihegläubiger das Recht gibt, Erfüllung der hierin übernommenen Verpflichtungen unmit-

1.4 The obligations of the Guarantor under this Guarantee rank at least *pari passu* with all other present and future unsecured and subordinated obligations of the Guarantor, save for any obligations required to be preferred by law. In the event of the dissolution, liquidation, insolvency or of other proceedings for the avoidance of insolvency of the Guarantor, the obligations of the Guarantor under this Guarantee will be satisfied after (but only after) the claims of all unsubordinated creditors of the Guarantor have first been paid in full.

Bondholders are explicitly referred to the fact that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to this Guarantee only in accordance with the subordination described above.

No Bondholder may set off its claims arising under the Bonds or under this Guarantee against any claims that the Guarantor may have against it. The Guarantor may not set off any claims it may have against the Bondholders against any of its obligations under this Guarantee.

1.5 Except for the rights created pursuant to this Guarantee, no security of whatever kind is, or shall at any time be, provided by the Guarantor or any other person securing rights of the Bondholders.

1.6 No subsequent agreement may limit the subordination pursuant to the provisions set out in this Guarantee or shorten the term of this Guarantee to a date prior to the Maturity Date of the Bonds.

1.7 In the event of a substitution of the Issuer by a subsidiary of the Guarantor pursuant to §12(1) of the Terms and Conditions of the Bonds, this Guarantee shall extend to any and all amounts payable by the New Issuer pursuant to the Terms and Conditions of the Bonds. The foregoing shall also apply if the New Issuer shall have assumed the obligations arising under the Bonds directly from the Guarantor.

2. This Guarantee constitutes a contract in favour of the respective Bondholders as third party beneficiaries pursuant to §328(1) of the German Civil Code giving rise to the right of each such Bondholder to require performance

telbar von der Garantin zu verlangen und diese Verpflichtungen unmittelbar gegen die Garantin durchzusetzen.

3. Ansprüche der Anleihegläubiger aus dieser Garantie verjähren mit Ablauf von zwei Jahren nach dem jeweiligen Festzins-Zahlungstag oder Floating-Rate-Zahlungstag bzw. dem Rückzahlungstag der Schuldverschreibungen gemäß den Anleihebedingungen.

4.1 Diese Garantie unterliegt ausschließlich dem Recht der Bundesrepublik Deutschland.

4.2 Zuständig für alle Klagen und sonstigen Verfahren aus oder im Zusammenhang mit dieser Garantie (die „**Rechtsstreitigkeiten**") ist ausschließlich das Landgericht in München (Landgericht München I).

4.3 Die Begriffe, die in dieser Garantie verwendet werden und in den Anleihebedingungen definiert sind, haben die gleiche Bedeutung in dieser Garantie wie in den Anleihebedingungen, soweit sie in dieser Garantie nicht anderweitig definiert sind.

5. Die Garantin und die Deutsche Bank Aktiengesellschaft vereinbaren, dass die Deutsche Bank Aktiengesellschaft nicht als Treuhänderin oder in ähnlicher Eigenschaft für die Anleihegläubiger handelt. Die Deutsche Bank Aktiengesellschaft verpflichtet sich, das Original dieser Garantie bis zur Erfüllung aller Verpflichtungen aus den Schuldverschreibungen und dieser Garantie in Verwahrung zu halten.

6. Diese Garantie ist in deutscher Sprache mit englischer Übersetzung abgefasst. Die deutsche Fassung ist die rechtlich verbindliche Fassung. Die englische Übersetzung ist zur Erleichterung des Verständnisses beigefügt.

München, den 15. April 2003

Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München

Angenommen durch:
Deutsche Bank Aktiengesellschaft

of the obligations assumed hereby directly from the Guarantor and to enforce such obligations directly against the Guarantor.

3. The period of limitation for any claim by a Bondholder under this Guarantee shall be two years calculated from the relevant Fixed Interest Payment Date or the relevant Floating Interest Payment Date, as the case may be, and the relevant redemption date of the Bonds pursuant to the Terms and Conditions of the Bonds.

4.1 This Guarantee shall be governed exclusively by the laws of the Federal Republic of Germany.

4.2 Any action or other legal proceedings ("**Proceedings**") arising out of or in connection with this Guarantee shall exclusively be brought in the District Court in Munich (*Landgericht München I*).

4.3 Terms used in this Guarantee and defined in the Terms and Conditions of the Bonds shall have the same meaning in this Guarantee as in the Terms and Conditions of the Bonds unless they are otherwise defined in this Guarantee.

5. The Guarantor and Deutsche Bank Aktiengesellschaft agree that Deutsche Bank Aktiengesellschaft is not acting as trustee or in a similar capacity for the Bondholders. Deutsche Bank Aktiengesellschaft undertakes to hold the original copy of this Guarantee in custody until all obligations under the Bonds and the Guarantee have been fulfilled.

6. This Guarantee is drawn up in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English translation is for convenience only.

Munich, 15th April 2003

Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München

Accepted by:
Deutsche Bank Aktiengesellschaft

Description of the Issuer

INCORPORATION, CORPORATE SEAT, DURATION AND OBJECTS

Munich Re Finance B.V. was founded as a private limited liability company under the laws of The Netherlands on 28th February 2003. The corporate seat of the Issuer is at Amsterdam and its office address is Herengracht 548, NL-1017 CG Amsterdam, The Netherlands. The Issuer is entered in the Commercial Register of Amsterdam under no. 34187122.

The duration of the Issuer is unlimited.

The objects of the Issuer, as contained in its Articles of Association, are to finance enterprises and companies, to lend on, to borrow, to raise or to secure the payment of funds by the issue of debentures, debenture stock, bonds, securities and commercial paper, perpetual or otherwise, create charges upon all or any of its property (both present and future), including its uncalled capital, and to purchase or redeem any such securities, to incorporate, participate in any way whatsoever and manage enterprises and companies, to render services to enterprises and companies, to perform all kinds of financial activities and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

The Issuer does not have any subsidiaries.

SHARE CAPITAL

The authorised share capital of the Issuer is EUR 10,000,000. The issued share capital of the Issuer is EUR 2,000,000. The authorised share capital of the Issuer is divided into 100,000 registered shares with a nominal value of EUR 100 each. The issued share capital of the Issuer is divided into 20,000 registered shares with a nominal value of EUR 100 each.

Each share carries one vote.

OWNERSHIP

As of the date of this Offering Circular, the Guarantor directly holds 100% of the issued ordinary shares of the Issuer. The Guarantor will guarantee on a subordinated basis all payments due with respect to the Bonds issued by the Issuer pursuant to the Guarantee dated 15th April 2003 (substantially in the form as set out on page 33 of this Offering Circular).

CAPITALISATION

The following table shows the capitalisation of the Issuer, in €, as of 28th February 2003:

	28th February 2003 (amounts in €)
Shareholders' Equity	
Issued capital	2,000,000
Share premium	0
Other reserves	0
Total Shareholders' Equity as of 28th February 2003	2,000,000
Total Liabilities as of 28th February 2003	0
Total Capitalisation as of 28th February 2003	2,000,000
The Bonds now being issued	3,000,000,000

The subscribed capital of the Issuer has been paid up in full.

On 16th April 2003, the Issuer shall issue £300,000,000 7.625% Guaranteed Subordinated Fixed Rate Reset Bonds of 2003/2028 guaranteed on a subordinated basis by the Guarantor.

There has been no material change in the capitalisation of the Issuer since 28th February 2003, other than as disclosed in this Offering Circular.

MANAGEMENT

The members of the Board of Managing Directors of the Issuer are:

George Frederik Nicolai	The Hague, The Netherlands
Jan Hendrik Siemssen	The Hague, The Netherlands
Andreas Günther Sauerbrey	Munich, Germany
Dr. Thomas Blunck	Munich, Germany

The members of the Supervisory Board of the Issuer are:

Dr. Heiner Hasford	Member of the Board of Management of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
Dr. Jörg Dieter Schneider	Member of the Board of Management of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
Dr. Daniel Hans Joachim von Borries	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

The business address of the members of the Board of Managing Directors and the Supervisory Board is Herengracht 548, NL-1017 CG Amsterdam, The Netherlands.

FINANCIAL YEAR

The financial year of the Issuer is the calendar year. Financial statements have not been prepared since the date of incorporation of the Issuer.

AUDITORS

The auditors of the Issuer are KPMG Accountants N.V., Burgemeester Rijnderslaan 10, NL-1185 Amstelveen, The Netherlands.

RECENT DEVELOPMENTS

There has been no material change in the financial condition of the Issuer since 28th February 2003, other than as disclosed in this Offering Circular.

Description of the Group

INCORPORATION, CORPORATE SEAT AND DURATION

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München is a stock corporation which was incorporated in 1880 under German law and has its corporate seat in Munich. It is entered in the commercial register of the local court *(Amtsgericht)* in Munich under number HR B 42039. The address of the head office of the Guarantor is Königinstraße 107, 80802 Munich, Germany.

The duration of the Guarantor is unlimited.

OBJECT OF THE GUARANTOR

The object of the Guarantor, as provided in its Articles of Association, is the provision of reinsurance in all classes of business.

The Guarantor may establish branches in Germany or other countries, may form, acquire or participate in companies of all types, may manage companies or restrict itself to managing the participations. The Guarantor is entitled to carry out all transactions and measures that appear suited to serving its object.

CAPITAL AND SHARES

As of 31st December 2002 the issued share capital of the Guarantor amounted to EUR 457,388,254.72 consisting of 178,667,287 no par value shares.

The shares of the Guarantor are registered shares. Transfer to a new acquirer may be effected only with the approval and discretion of the Guarantor. The Guarantor shall not be obliged to state reasons for declining the transfer. No such approval is required for the transfer of a very small number of 480 registered shares which derive from the conversion of former bearer shares into unrestrictedly transferable registered shares.

The shares of the Guarantor are admitted for official trading and official quotation on the Munich Stock Exchange and the Frankfurt Stock Exchange.

BUSINESS OF THE GROUP

Overview for fiscal year 2001

Growth

Premium income of the Guarantor and its consolidated subsidiaries (the "Group" or "Munich Re Group") rose by 16.1% in 2001 to €36.1 billion (2000: €31.1 billion).

Reinsurance business contributed 57% to the Group's premium income with an increase of underwriting premiums by 21.1% to €22.2 billion (2000: €18.3 billion). Adjusted to eliminate the effects of changes in exchange rates and acquisitions, premium growth amounted to 17.9% (2000: 11.5%).

In life and health reinsurance premium income increased by 25.5% (2000: 25.6%). In property-casualty reinsurance, premiums climbed by 19.6% (2000: 17.2%).

Premium revenue in the Group's primary insurance business increased by 9.0% to €15.7 billion (2000: €14.4 billion), 5.4% of which was due to consolidation effects (mainly the first full consolidation of Bayerische Vita S.p.A., Milan in the ERGO Insurance Group). Life and health insurance business grew by 7.9% in 2001 (2000: 5.0%) and property-casualty insurance by 11.7% in 2001 (2000: 11.4%). Expansion of business in the rest of Europe was one of the main strategic goals of the Group. In 2001, the amount of primary insurance underwritten by the Group in non-German business increased to €3.0 billion (2000: €1.8 billion).

Result

The Group's overall result deteriorated markedly in 2001 with a profit of only €250 million (2000: €1.75 billion), despite positive one-off effects of €830 million (2000: €320 million) due to German tax reform and valuation of the Guarantor's shares in Allianz Aktiengesellschaft on a less deferred basis. The main reason for this result was the extraordinarily heavy claims burden in relation to large and very large losses. The Guarantor paid or reserved a total of €4.7 billion for such losses in 2001, €3.4 billion (€2.2 billion net) for the terrorist attack on 11th September 2001 alone.

REINSURANCE

Overview

Since 1st July 2001 the Guarantor's previous matrix organisation, with its units responsible for business lines and products on the one hand and for markets and clients on the other, has been replaced by seven new operative divisions:

- Life and Health
- Europe 1
- Europe 2 and Latin America
- Asia, Australasia, Africa
- North America
- Corporate Underwriting/Global Clients
- Special and Financial Risks

This new structure is intended to safeguard and enhance the Guarantor's ability to meet the requirements of a changing business environment. The following description follows the pattern of this new structure. This means that premium volumes for the regional divisions and divisional units are not comparable with those published in 2000. Substantial amounts of premium, for example, were credited to the division Corporate Underwriting/Global Clients in 2001, which is responsible for the Guarantor's reinsurance business with insurance groups operating on a global basis, whereas in 2000, these premiums were credited to the former divisions. The comparative figures given for 2000 are pro forma figures.

In 2001, the Group increased its premiums in the life and health business by 25.5% (2000: 25.6%). As in 2000, growth was driven solely by the Group's non-German business.

In 2001, premium income in the property-casualty business of the Group grew by 19.6% (2000: 17.2%) and the combined ratio totalled 135.1% (2000: 115.3%). Losses from natural catastrophes accounted for 1.5 percentage points (2000: 2.0 percentage points) and the terrorist attack on 11th September 2001 for 15.4 percentage points.

The Group paid and reserved an amount of €2.2 billion net for the losses in New York and Washington. On top of this devastating loss event, the Group had to cope with a large number of other major losses in 2001. In addition, the provisions reserved for losses from previous business years had to be strengthened.

Life and health

Since reorganisation of the Guarantor's internal operations with effect from 1st July 2001, life and health reinsurance have been combined in one division, in line with the structure adopted by many of the Guarantor's clients.

Life

In 2001, the Group considerably expanded its premium income, achieving an increase of 23.4% (2000: 22.1%). As in 2000, growth mainly derived from non-German markets.

The significant trends the Group experienced in relation to its life insurance business in recent years continued in 2001. These included stable spending power among clients, demographic changes and the cutting-back of social security systems in many societies.

Europe

Premium income in the Group's German business in 2001 remained at approximately the same level as in 2000. The issue that dominated the German market was the reform of the pension system, which involved partial replacement of the state pension with privately accumulated funds and strengthening of company pensions.

The Group's premiums increased in the UK in 2001 and the Group continued expansion of its portfolio in France. Its business in Central, Eastern and Southern Europe also increased in 2001.

North America

In the US life reinsurance market, where the Group is represented by its subsidiary Munich American Reassurance Company, the Group achieved premium growth of more than 80% in 2001. This increase

resulted partly from the acquisition of CNA Financial Corporation's life reinsurance business at the end of 2000 and partly from strong organic growth. The acquisition of CNA Financial Corporation established the Group among the five largest life reinsurers in the US in 2001.

In Canada, Munich Reinsurance Company Canada Branch (Life) increased its premium volume in 2001. This increase reflected the growing trend among the Guarantor's clients to use reinsurance as an instrument of capital and risk management.

Asia

In 2001, the Asian life insurance markets only gradually recovered from the crises of the previous few years. Japanese companies continued to struggle with the problems of shrinking investment income and the high interest-rate guarantees given under past policies. In some Asian markets in 2001, the Group did not fully succeed in recapturing the high growth rates of previous years. The Chinese insurance market opened further at the end of 2001 as a result of the accession of the People's Republic of China to the World Trade Organization (WTO).

Health

In health reinsurance, the Group's premium income increased by 35.3% in 2001 (2000: 44.6%). The Group's involvement in China, where it is partnering DKV Deutsche Krankenversicherung AG's ("DKV") strategic cooperation with a local insurer, led to an increase in the Group's share of business. In Latin America and in the Middle East, the Group strengthened its respective market position, even though it terminated some loss-producing accounts. Although the Group improved its results in most markets, its overall result declined in 2001 because a major product field in its North American business did not progress as well as initially anticipated by the Group.

Europe 1

The Europe 1 division comprises property-casualty reinsurance in Germany, the other Central European countries, Eastern Europe, Greece and Turkey.

The division's premium income stagnated in 2001. This was mainly due to the development of the Group's portfolio in Germany and its quality-driven underwriting policy. In most countries, business continued to suffer in 2001 from inadequate prices and conditions. Claims were mainly characterised by large individual losses. The underwriting result deteriorated in comparison with 2000.

Germany continued to be by far the biggest market handled by the division. Premium volume in the German primary insurance market for property-casualty business rose by around 2.9% to approximately €50 billion in 2001, having shrunk continually from 1995 to 1999. Remedial measures in motor insurance made progress and, in addition, there were the first signs of premium increases in industrial property insurance. However, the rates that were charged in primary insurance still fell short of the required technical levels.

The premiums of €1.596 billion earned in Germany in 2001 (2000: €1.776 billion) accounted for 74.2% of the division's premium volume. Compared with 2000, premium income fell by 10.1% in 2001. Especially in motor insurance, reductions in cessions and restructuring measures involving proportional reinsurance treaties with large premium volumes have had a negative effect on the development of the Group's premiums. The casualty lines of business, however, still made up more than half of the Group's German business. The Group's result showed a marked deterioration in 2001. Claims costs due to major liability claims and fire losses outweighed the improvements in results made possible by remedial efforts in both insurance and reinsurance.

In Austria, the Group's premium volume increased by 1.6% to €129 million in 2001 (2000: €127 million) as a consequence of the Group's selective underwriting policy.

Premium income from business in Switzerland written by the Europe 1 division rose by 11.9% to €53 million in 2001 (2000: €47 million). In comparison with 2000, which was hit by natural catastrophe losses, the Group managed to increase the result in 2001.

With total premiums of €169 million in 2001 (2000: €124 million) the 24 countries of Eastern Central Europe and Eastern Europe, including the countries joining the European Union in 2004 are of prime importance for the Group.

Europe 2 and Latin America

The Group's division Europe 2 and Latin America is responsible for property casualty reinsurance for clients from Northern, Western and Southern Europe and from Latin America.

Premium volume increased by 38.3% in 2001. The result was affected by several large individual losses.

The division's largest market is the UK, where premium income grew, as a result of both new business and rising insurance rates. The negative result is attributable to the terrorist attack on 11th September 2001 and to major individual losses. The Group strengthened its leading position in property-casualty reinsurance.

In Northern Europe, the Group retained its leading position. The result remained negative, however, not least because of the poor claims experience in motor business.

The underwriting result in The Netherlands remained negative in 2001. The switch from proportional to non-proportional reinsurance programmes affected the development of the Group's premium.

In France, the Group recorded a deficit in 2001 due to major losses and unsatisfactory original rates. The explosion at a chemicals factory in Toulouse, which caused considerable damage in the surrounding area, gave rise to high claims costs for this division as well as other units. Altogether it resulted in a burden of more than €100 million for the Group.

The Group's subsidiary in Italy, Münchener Rück Italia S.p.A., Milan, maintained its leading market position in 2001. Its technical result, however, in non-life business was deemed to be unsatisfactory by the Group.

In Spain and Portugal, the Group's result in 2001 also remained below expectation. This was mainly due to claims experience in property business.

The economic situation in some countries of Latin America deteriorated in 2001, in several cases dramatically. The Group's business proved stable in this difficult environment. There was a further delay in the opening of the Brazilian market.

Asia, Australasia, Africa

The Group's division Asia, Australasia, Africa covers three continents and the Pacific Islands, an area with a large number of very different insurance and reinsurance markets.

In 2001, the Group increased its premium income from this area by 10.1%, achieving most of the growth in Japan and Australia.

Despite the extremely difficult economic environment, Japan remains the world's second-largest non-life insurance market. With premium income of €298 million in 2001 (2000: €271 million) and a 20.0% share of the premium volume, this country is the division's biggest market.

In Korea, the Group's premiums rose by more than 50% to €80 million (2000: €53 million) and the result increased.

Foreign reinsurers in India are still subject to restrictions on market access. The Group's business opportunities were, therefore, limited in 2001.

In Australia and New Zealand, the Group is represented mainly by its subsidiary Munich Reinsurance Company of Australasia ("MRA"). The consolidation process in the insurance industry is continuing in both countries. Although there was another fall in 2001 in the number of potential reinsurance clients in Australia and New Zealand, MRA was able to expand its premium volume by 35.2% to €391.5 million in 2001 (2000: €289.5 million). By contrast, the result of €2.89 million in 2001 (2000: €10.38 million) was below expectations, due to an increased number of large losses in comparison with 2000.

The Group's premium in Greater China rose by 20.7% to €216 million in 2001 (2000: €179 million). However, the overall result across all lines of business was impacted by Typhoon Nari, which hit Taiwan in autumn 2001.

The economic environment in Southeast Asia was extremely difficult in 2001. The Group nevertheless halted the decline in its premium income.

In Africa, the insurance business underwritten by the Group's subsidiary, Munich Reinsurance Company of Africa, stemmed mainly from the South African market. Due to developments in South Africa and the fact that the Group largely withdrew from the Zimbabwean market in 2001 resulted in premium income decreasing by 11.0% to €203 million in 2001 (2000: €228 million). There were no major claims costs from natural catastrophes. The result showed an increase of 36.8% to €14.21 million in 2001 (2000: €10.39 million).

In Israel, the largest market in the Near and Middle East, the Group expanded its premium volume by 20.7% to €204 million in 2001 (2000: €169 million).

North America

The division North America is responsible for the Group's subsidiaries, American Reinsurance Company ("American Re") and the Munich Re Canada Group.

The division's premium income grew by 20.8% in 2001. Although the Group terminated part of its business, the losses in premium were more than offset by new business and improvements in insurance rates. The result deteriorated in comparison with 2000, owing primarily to the losses relating to the terrorist attack on 11th September, 2001.

In 2001 in the U.S., American Re had to cope with extremely high claims costs of €1.2 billion gross due to the terrorist attack on 11th September 2001. In addition, provisions for losses which resulted from previous years had to be substantially strengthened again. This was a consequence also faced by other market participants at both insurance and reinsurance level, of the inadequate prices and conditions that had been a feature of the American property-casualty market in recent years. Compared with the dramatic impact of these developments, losses from natural catastrophes were relatively low in 2001, albeit higher than the average of the previous few years. They included the tropical storm Allison, which cost American Re nearly €56 million. This was exacerbated by the significant fall in interest rates and the downtrend in the stock markets in 2001, which caused the investment result to decline, preventing it from compensating for underwriting losses to the same extent as in previous years.

In 2001, American Re realigned itself structurally along global lines and, in terms of the business it writes in the Group, concentrated on its core business in the U.S. On 30th September 2002, the Group assumed control of American Re's international business segment, i.e. business outside the U.S. In addition, American Re works together more closely with specialists in Munich in the fields of healthcare, ocean marine and aviation.

Munich Reinsurance Company of Canada maintained its leading position in Canada in 2001. Its gross premium volume increased by 27.2% to €236.6 million in 2001 (2000: €186 million). The result for 2001 was €2.7 million (2000: €8.6 million).

Corporate Underwriting/Global Clients

This division, which underwrote 22.2% of the Group's property-casualty business in 2001, handles accounts with major international insurance groups. It also underwrites insurance business worldwide in selected special classes and markets. Parallel to this, it performs the function of corporate underwriting for the reinsurance group in non-life business, which includes the following:

- Fundamental questions of underwriting policy and quality assurance
- Development of products and services
- Claims management
- Integration of actuarial methods in the Group's business processes
- Calculation of provisions for IBNR (incurred but not reported) losses

Premium income underwritten by this division rose by 27.1% to €3,615 million in 2001 (2000: €2,845 million). The underwriting result deteriorated markedly in 2001 compared with 2000, mainly because of the loss of the World Trade Center in New York.

Global clients

The Group succeeded in consolidating and extending its business position with its global clients in 2001. Prior to 11th September 2001, it was envisaged that the Group would improve its underwriting result compared with 2000, but hopes of this were dashed by the heavy claims burden due to the loss of the World Trade Center in New York and other large losses. The substantial underwriting loss reflected the global operations of

the Group's clients, who largely participate in the same major risks throughout the world, and stems from the fact that individual portfolios are highly exposed.

Lloyd's/U.S. business

The Group increased its premium income in 2001. The underwriting losses in this business segment (especially in property and marine) were also chiefly due to the loss of the World Trade Center in New York. However, this exceptional loss event accelerated the trend in the insurance and reinsurance markets towards substantial rate increases and improvements in conditions.

Agricultural risks

In the agricultural classes of business, the Group recorded growth in premium volume in 2001. The decisive factor was the positive performance of government-sponsored crop insurance in the US, which is by far the biggest market for the Group in agriculture, accounting for 85% of the Group's premium as at 31st December, 2001. The remaining premium came mainly from Germany, Portugal and Australia.

Special and Financial Risks

This division develops innovative fields of business and products, establishes new distribution channels, works to win new client segments, and underwrites the special lines of credit, aviation and space reinsurance. It is also responsible for planning and placing the retrocession of the whole reinsurance group, with the exception of American Re.

Rate increases in aviation business and the alternative markets segment ensured that premium income rose by 13.6% in 2001 to €1,787 million (2000: €1,573 million). The negative result is primarily attributable to the terrorist attack of 11th September 2001 but it also reflects the state of the global economy and the ensuing company failures, which had a secondary effect on credit insurance in particular. Results were also affected by the high loss ratio in space reinsurance.

Aviation and space

The premium volume of the Group's divisional unit for this business grew by 21.0% in 2001. Growth derived mainly from rate increases in aviation insurance, while premium income in space insurance declined.

The negative result of this divisional unit is attributable for the most part to the loss of the World Trade Center in New York, but also to remaining deficits in original insurance rates. In light of the massive claims burden, the Group implemented long-overdue increases of insurance premiums in the last quarter of 2001.

Alternative markets

The clients in this business segment in 2001, which was serviced by the Group's unit, Munich–American RiskPartners, were primarily large industrial corporations. The Group numbered among the market leaders in 2001 with its products in some sectors of this business segment and expanded its business in 2001. The results of 2001 were impacted by the loss of the World Trade Center in New York and were thus very negative.

The unsatisfactory result in 2001 posted by the Group's subsidiary, New Reinsurance Company ("New Re") in Geneva, whose business focuses on Europe, was mainly due to three factors. These were run-off losses resulting from previous business years accompanied by the need to strengthen reserves, especially in motor and liability reinsurance, the negative experience of fire business, and claims costs due to the loss of the World Trade Center in New York.

Alternative Risk Solutions/Retrocession

This divisional unit is responsible for the Group's activities in the development and marketing of non-traditional risk financing and capital market solutions. The Group supports its clients with holistic risk management, offering a full spectrum of covers and services ranging from conventional reinsurance cover to structured reinsurances. Especially in the wake of the terrorist attack on 11th September 2001, there has been a pronounced increase in the demand for financially structured risk cover.

The retrocession capacity available on the world market became scarce in 2001. For this reason, and because there has been an increased number of major loss events in the last few years, the Group had to accept price increases in 2001 with respect to its own retrocession covers. In small special lines of business, for which

retrocession cover was not available at reasonable terms and conditions, the Group reduced its previous covers systematically in 2001.

Innovative Business Solutions

This section supports the divisional units of the Group in developing innovative business models and is a centre of competence for the Group's e-business strategy. It focuses on knowledge management and the use of web-based customer relationship management to expand and enhance the Group's business relations.

PRIMARY INSURANCE

Overview

The primary insurers in the Group underwrite all kinds of life and health insurance and nearly all kinds of property-casualty insurance. The Group includes the ERGO Insurance Group, the Karlsruher Insurance Group and Europäische Reiseversicherung.

The Group's premiums due to primary insurance increased by 9% to €15.7 billion in 2001 (2000: €14.4 billion), representing 43% of the Group's premium income (2000: 46%). The result before tax, amortisation of goodwill and minority interests in earnings deteriorated by 58.6% to €555 million in 2001 (2000: €1,342 million). Minority interests could be found mainly in the ERGO Insurance Group, in which the Group held a stake of 87.5% as of 31st December 2001. On 15th January 2002 the stake was increased to 91.7%.

Life and health

In 2001, 71% of the Group's premium income in primary insurance derived from life and health business (2000: 72%), where the Group recorded premium growth of 7.9% (2000: 5%).

As at 31st December 2001 the Group ranked among the leading German life insurers. It increased its new business production by 5.9% to €1.5 billion in 2001.

The Group's life insurance premiums climbed by 9.9% to €7.1 billion in 2001 (2000: €6.5 billion), with foreign subsidiaries accounting for €1.1 billion (2000: €0.4 billion). Expenses for claims and benefits fell by 9.3% in 2001. Operating expenses amounted to €640 million and the expense ratio to 10.3% in 2001.

In health insurance, the Group recorded premium growth of 4.6% to €4.0 billion in 2001 (2000: €3.8 billion), of which €0.6 billion resulted from business abroad (2000: €0.5 billion).

Property-casualty

The Group's premium income in this sector rose by 11.7% to €4.6 billion in 2001 (2000: €4.1 billion), to which the foreign subsidiaries of the Group contributed €1.3 billion (2000: €0.9 billion). Expenses for claims and benefits showed a further increase.

In 2001, Germany was, by far, the most important market of the Group's primary insurers. They earned approximately 80% of their premium income in Germany in 2001 (2000: 87%). Their foreign premium income of €3 billion in 2001 (2000: €1.8 billion) was derived mainly from five markets. These were, in order of volume, Italy, The Netherlands, Spain/Portugal, Belgium and Austria. The subgroups involved in the Group's primary insurance operations are as follows:

ERGO Insurance Group

ERGO Insurance Group ("ERGO") is among the leading primary insurance groups in the German market. It was created in 1997 by the merger of the insurance companies: VICTORIA, Hamburg-Mannheimer, DKV and D.A.S. The main emphasis of ERGO's business, accounting for approximately 90% of its premium income in 2001, lies on personal lines insurance, especially insurances of the person. Another important segment of its business is insurance for small and medium-sized firms. In health insurance and legal protection insurance, ERGO had a leading position in Europe through DKV and D.A.S. in 2001.

ERGO's premium income rose by 9.9% in 2001 (2000: 6.2%). This growth was primarily due to life insurance and property-casualty business. The ERGO companies in Italy and Poland, which were acquired in the second half of 2000, contributed substantially to premium growth in 2001. Both companies were consolidated for the first time for a full year in the Group's financial statements of 2001.

The result before amortisation of goodwill decreased by 64.1% to €0.4 billion in 2001 (2000: €1.2 billion). ERGO's profit for the year amounted to €655 million in 2001 (2000: €804 million), which equalled a decline in profits of 18.5% in comparison with 2000. As a result of tax rate changes, a number of deferred tax items had to be reversed in 2001, resulting in net income of €325 million in 2001 (2000: €246 million).

Impacted by the weak stock markets, ERGO's investments grew by only 0.5% to €89.3 billion in 2001 (2000: €88.8 billion). Profits on investments decreased by 29.7% to €5.1 billion in 2001 (2000: €7.2 billion). This was due to the difficult situation on the capital markets, which led to fewer capital gains being realised in the course of 2001 than had been originally planned.

ERGO's shareholders' equity amounted to €6.0 billion at the end of 2001 (2000: €6.3 billion). This decrease of 5.7% was due to the decrease in value of investments resulting from the adverse stock market situation.

As at 31st December 2001, ERGO employed a staff of 28,558 (31st December 2000: 27,489). The number of full-time agents rose substantially by 8.6% to 25,938 as at 31st December 2001 (31st December 2000: 23,882).

ERGO: life insurance

ERGO underwrote premium income of €6.0 billion in life insurance in 2001 (2000: €5.4 billion). Premiums derived from newly acquired business in Germany increased by 15.3% to €1,097 million in 2001 (2000: €951 million). In 2001, its two major life insurance companies launched new products in the pension reform market. Their combined sales forces sold approximately 300,000 of these products in 2001.

In 2001, an amount of €4.3 billion was paid to policyholders in maturity benefits or annuity payments (2000: €4.0 billion). The reinvestment rate, i.e. the portion of these benefits reinvested in other ERGO products such as investment funds reached the level of 2000, namely 19%

ERGO: health insurance

With premium growth of 4.6% to €4.0 billion in 2001 (2000: €3.8 billion), ERGO consolidated its market leadership in the health insurance business in Germany and Europe.

New business in Germany grew by 8.9% in 2001 (2000: 4.2%). In comprehensive health insurance, ERGO's core business in this sector, the Group recorded a total of 78,359 newly insured persons in 2001.

ERGO: property-casualty insurance, legal protection insurance

ERGO's property-casualty and legal protection insurers increased their premium income by 12.7% to €4.0 billion in 2001 (2000: €3.5 billion). Growth benefited from the foreign property-casualty subsidiaries that were acquired in 2000 and were consolidated in full for the first time in 2001. In Germany, premium grew to €2.6 billion in 2001 (2000: €2.5 billion).

Karlsruher Insurance Group

The Karlsruher Insurance Group (the "Karlsruher Group") consists of five companies that operate in life insurance and in all kinds of property-casualty business. It mainly offers personal lines insurance and products for small and medium-sized firms.

The Karlsruher Group's distribution structure is based on a main sales organisation present throughout Germany, collaboration with insurance brokers and a distribution network of partners. Life insurance is also sold through the branches of cooperating banks, mainly in Southern Germany.

The number of staff employed by the Karlsruher Group totalled 4,152 as of 31st December 2001 (31st December 2000: 3,900), of whom 1,777 were desk staff (2000: 1,612) and 2,375 were field staff (2000: 2,288).

The Karlsruher Group's result deteriorated in 2001 in comparison with 2000, partly because of the difficult capital market situation and partly because the lower returns expected from the capital markets necessitated an adjustment in the calculation basis for actuarial reserves, further weakening the result.

In 2001, premiums from newly acquired business increased by 23.5%, whereas the life insurance market as a whole achieved a growth rate of 15.9% in 2001. Gross premiums underwritten remained at a constant level of €1.3 billion (2000: €1.3 billion).

In the primary insurance business, Karlsruher Versicherung AG's gross premiums rose by 11.2% to €216 million in 2001 (2000: €194 million). Altogether, there was growth of 18.0% to €242 million (2000: €205 million). Karlsruher Versicherung AG's combined ratio amounted to 104.4% in 2001 (2000: 103.4%).

Europäische Reiseversicherung

Due to the terrorist attack on 11th September 2001, bookings for business trips and holidays fell by as much as 30% in the fourth quarter of 2001. After a growth rate of 16.3% in net premiums in the first nine months of 2001 compared with the same period in 2000, growth for 2001 as a whole totalled 7.9% (2000: 1%). Only Europäische Reiseversicherung's Spanish and Czech companies were able to maintain the positive level achieved prior to the attacks on 11th September 2001. At the same time, Europäische Reiseversicherung felt the effects of a substantial rise in claims under policies for travel cancellation expenses.

Europäische Reiseversicherung currently operates under a uniform logo in all the main European countries through its international network of subsidiaries and participating interests. In addition to proven sales channels, it is continuing to make use of innovative distribution channels such as the internet.

As at 31st December 2001, a total of 653 staff were employed by Europäische Reiseversicherung (31st December 2000: 656).

ASSET MANAGEMENT

MEAG MUNICH ERGO AssetManagement GmbH

As of 31st December 2001, the Group's asset management company, MEAG MUNICH ERGO AssetManagement GmbH ("MEAG") had a total of €136 billion under management, the bulk of which were investments for the Group. MEAG also offers mutual funds and segregated managed funds for third parties. With a volume of €2.4 billion invested for third parties in 2001, MEAG was able to expand this segment by approximately 4% in 2001.

FIRST THREE QUARTERS OF 2002 – OVERVIEW

For an overview of the business of the Group as of 30th September 2002, please see "Munich Re Group – Quarterly Report 3/2002" which begins on page 73.

CAPITALISATION

The following table shows the unaudited consolidated capitalisation of the Group, in € millions, as of 31st December 2002:

	31st December 2002 (€ millions)
Notes and debentures	2,205
Thereof remaining:	
Up to one year	10
Over one year and up to 5 years	1,720
Over 5 years and up to 10 years	0
Over 10 years	475
Other liabilities	18,467
Thereof remaining:	
Up to one year	14,911
Over one year and up to 5 years	2,045
Over 5 years and up to 10 years	584
Over 10 years	927
Other accrued and deferred items	8,093
Total Liabilities as of 31st December 2002:	28,765

	31st December 2002 (€ millions)
Net underwriting provisions for life insurance policies where the investment risk is borne by the policyholders	698
Net underwriting provisions	142,269
Minority interest	532
The Group's Shareholders' Equity as of 31st December 2002 was comprised of:	
Issued capital and capital reserve	3,447
Revenue reserves	10,008
Other reserves	(588)
Consolidated profit	1,081
Total Shareholders' Equity as of 31st December 2002	13,948
Total Capitalisation as of 31st December 2002	43,245[1]
Hidden Reserves (after policyholder participation and taxes)	960
Total Shareholders' Equity and Hidden Reserves as of 31st December 2002:	14,908
The Bonds now being issued	3,000

1 *Excluding net underwriting provisions for life insurance policies where the investment risk is borne by the policyholders and net underwriting provisions.*

On 16th April 2003, the Issuer shall issue £300,000,000 7.625% Guaranteed Subordinated Fixed Rate Reset Bonds of 2003/2028 guaranteed on a subordinated basis by the Guarantor.

BOARD OF MANAGEMENT

Pursuant to the Articles of Association of the Guarantor the number of members of the Board of Management shall consist of at least two persons unless determined otherwise by the Supervisory Board. The Guarantor shall be represented either by two members of the Board of Management or by one member of the Board of Management and an employee vested with full commercial power of attorney (*Prokurist*). The Supervisory Board also has the power to grant a power of sole representation to individual members of the Board of Management.

The members of the Board of Management of the Guarantor are at present:

Name	Function within Group
Dr. jur. Hans-Jürgen Schinzler	Chairman of the Board of Management, Executive Offices, Press, Internal Auditing
Dr. jur. Nikolaus von Bomhard	Europe 2 and Latin America
Clement Booth	Special and Financial Risks, Investor Relations, Strategic Planning
Dr. jur. Heiner Hasford	Finance, General Services, Company Structure and Organization
Stefan Heyd	Corporate Underwriting/Global Clients
Christian Kluge	Europe 1, Corporate Communications
John P. Phelan	North America
Dr. phil. Detlef Schneidawind	Life and Health, Personnel
Dr. jur. Jörg Schneider	Accounting, Controlling, Taxes, Information Technology
Karl Wittmann	Asia, Australasia, Africa

The business address of the members of the Board of Management is Königinstrasse 107, 80802 München, Germany.

SUPERVISORY BOARD

The Supervisory Board of the Guarantor consists of 20 members, of whom ten are elected by the shareholders and ten by the employees of the Guarantor.

The members of the Supervisory Board are at present:

Name	Principal Occupation
Ulrich Hartmann	Chairman of the Board of Management of E.ON AG, Chairman
Herbert Bach	Employee of the Guarantor, Deputy Chairman
Hans-Georg Appel	Employee of the Guarantor
Klaus-Peter Biebrach	Employee of the Guarantor
Peter Burgmayr	Employee of the Guarantor
Rudolf Ficker	Former Member of the Board of Management of the Guarantor
Professor Dr. rer. nat. Henning Kagermann	Co-Chairman of the Executive Board and Chief Executive Officer of SAP AG
Gertraud Köppen	Employee of the Guarantor
Prof. Dr. rer. nat. Hubert Markl	Former President of Max-Planck-Gesellschaft
Wolfgang Mayrhuber	Deputy Chairman of the Board of Management of Deutsche Lufthansa AG
Karel van Miert	President of the University of Nyenrode
Dr. jur. Dr.-Ing. E. h. Heinrich von Pierer	President and Chief Executive Officer of Siemens AG
Dr. e. h. Dipl.-Ing. Bernd Pischetsrieder	Chairman of the Board of Management of Volkswagen AG
Dr. jur. Albrecht Schmidt	Chairman of the Supervisory Board of Bayerische Hypo- und Vereinsbank AG
Dr. rer. nat. Dipl.-Chemiker Klaus Schumann	Employee of the Guarantor
Dr. phil. Ron Sommer	Former Chairman of the Board of Management of Deutsche Telekom AG
Wolfgang Stögbauer	Employee of the Guarantor
Josef Süßl	Employee of the Guarantor
Judy Võ	Employee of the Guarantor
Ludwig Wegmann	Employee of the Guarantor

The term of office of the members of the Supervisory Board shall end on the date of the ordinary General Meeting which resolves whether to approve the actions of the Supervisory Board during the fourth business year after the commencement of their term of office, not counting the business year in which the term commences.

The Supervisory Board elects from its members the Chairman and one or more Deputy Chairmen for their term of office on the Supervisory Board.

The business address of the members of the Supervisory Board is Königinstrasse 107, 80802 München, Germany.

PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES

The principal subsidiaries and associated companies of the Guarantor, as at 31st December 2001, are set out below:

Name of company	Country of incorporation	Effective interest	Principal activity	Registered or principal office
Principal Subsidiaries				
Munich-American Holding Corporation	U.S.	100.00%	Holding	555 College Rd East, NJ08543-5241 Princeton
American Re Corporation	U.S.	100.00%	Reinsurance	555 College Rd East, NJ08543-5241 Princeton
American Re-Insurance Company	U.S.	100.00%	Reinsurance	555 College Rd East, NJ08543-5241 Princeton

Name of company	Country of incorporation	Effective interest	Principal activity	Registered or principal office
Munich American Reassurance Company	U.S.	100.00%	Reinsurance	56 Perimeter Center East, NE, Suite 200 GA 30346-2290 Atlanta
Neue Rückversicherungs-Gesellschaft	Switzerland	100.00%	Reinsurance	Rue de l'Atheneé 6-8, Case Postale 3504 1211 Genève
ERGO Versicherungsgruppe AG	Germany	87.57%	Holding	Victoriaplatz 2, 40198 Düsseldorf
VICTORIA Versicherung Aktiengesellschaft	Germany	100.00%	Insurance	Victoriaplatz 1 und 2, 40198 Düsseldorf
DKV Deutsche Krankenversicherung Aktiengesellschaft	Germany	100.00%	Insurance	Aachener Straße 300, 50594 Köln
ERGO International Aktiengesellschaft	Germany	100.00%	Holding	Victoriaplatz 2, 40198 Düsseldorf
Venus Vermögensverwaltungsgesellschaft mbH	Germany	100.00%	Holding	Königinstraße 107, 80802 München
Associated Companies				
Allianz AG	Germany	24.99%	Insurance	Königinstraße 28, 80802 München
Allianz Lebensversicherungs-Aktiengesellschaft	Germany	40.57%	Insurance	Reinsbugstr. 19, 70178 Stuttgart
Frankfurter Versicherungs-Aktiengesellschaft	Germany	49.98%	Insurance	Taunusanlage 18, 60325 Frankfurt/Main
Vermo Vermögensverwaltungsgesellschaft	Germany	20.00%	Holding	Victoriaplatz 1, 40198 Düsseldorf
Regina Verwaltungsgesellschaft mbH	Germany	25.00%	Holding	Königinstraße 28, 80802 München
Millennium Entertainment Partners L.P.	U.S.	42.36%	Holding	1995 Broadway, 10023 New York

FINANCIAL YEAR

The financial year of the Guarantor is the calendar year.

AUDITORS

The auditors of the Guarantor and the Group, KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Ganghoferstrasse 29, 80339 München, Germany, have audited the annual financial statements and consolidated financial statements for the financial years 1999, 2000 and 2001 and have issued in each case an unqualified auditor's certificate.

RATINGS

The financial strength ratings of the Guarantor as of 11th April 2003 are "A++ (negative outlook)" by A.M. Best Company Inc., "AA+ (negative outlook)" by Fitch Ratings Ltd., "Aa3 (negative outlook)" by Moody's Investors Service Limited and "AA– (negative outlook)" by Standard & Poor's Ratings Services.

RECENT DEVELOPMENTS

Please see the press release issued by the Guarantor dated 27th March 2003 beginning on page P1.

Since 30th September 2002, the market value of the Group's shareholdings significantly deteriorated as a result of volatile stock markets. For example, as of 11th April 2003, the Guarantor held 18.1% of the issued share capital of Allianz Aktiengesellschaft (30th September 2002: 21.2%; 31st December 2002: 21.2%) and directly and indirectly held 25.7% of the issued share capital of Bayerische Hypo- und Vereinsbank AG (30th September 2002: 25.7%; 31st December 2002: 25.7%). On 11th April 2003, the closing price[1] of each Allianz

Aktiengesellschaft share was €56.95[2] (30th September 2002: €86.65[2]; 30th December 2002: €90.65[2]) and the closing price[1] of each Bayerische Hypo- und Vereinsbank AG share was €8.17[2] (30th September 2002: €13.42[2]; 30th December 2002: €15.22[2]).

As of 31st December 2002, Victoria Lebensversicherung AG ("Victoria Leben"), an indirect subsidiary of the Guarantor, was in compliance with statutory solvency requirements. The market value of the capital investments of Victoria Leben, which form part of its restricted assets ("*gebundenes Vermögen*"), has since decreased to less than its book value. As a result, the value of its restricted assets is lower than the legally required level, if based on market value rather than book value. The Federal Financial Supervisory Authority ("*Bundesanstalt für Finanzdienstleistungsaufsicht*") has asked Victoria Leben to take measures to correct this shortfall. Victoria Leben and its parent company, ERGO Versicherungsgruppe AG, have indicated to the Guarantor that they will take appropriate steps to resolve this situation. Management of Victoria Leben has informed the Guarantor and ERGO Versicherungsgruppe AG that it currently believes that it has sufficient financial resources to comply with the requirements of the Federal Financial Supervisory Authority ("*Bundesanstalt für Finanzdienstleistungsaufsicht*") without recourse to financial support from the Guarantor or ERGO Versicherungsgruppe AG, although this matter is still being reviewed internally by Victoria Leben.

As of 31st December 2002, Europäische Reiseversicherung AG ("Die Europäische"), a subsidiary of the Guarantor, was in compliance with statutory solvency requirements although the value of its restricted assets was lower than the legally required level, both on a market value and book value basis. Die Europäische has informed the Federal Financial Supervisory Authority ("*Bundesanstalt für Finanzdienstleistungsaufsicht*") of this shortfall and has indicated to the Guarantor that it will take appropriate steps to resolve this situation. The Guarantor expects that it shall have to provide less than €10 million to Die Europäische to address the shortfall.

In a circular dated 12th December 2002 ("Rundschreiben 30/2002"), the Federal Financial Supervisory Authority ("*Bundesanstalt für Finanzdienstleistungsaufsicht*") ruled that German insurance companies shall have to apply stress tests to their capital investments as of 31st December 2002 and regularly thereafter and shall have to report the results of these stress tests to the Federal Financial Supervisory Authority ("*Bundesanstalt für Finanzdienstleistungsaufsicht*").

The stress tests requested by the Federal Financial Supervisory Authority ("*Bundesanstalt für Finanzdienstleistungsaufsicht*") are based on a model of the *Gesamtverband der Deutschen Versicherungswirtschaft e. V.* ("GDV model") as further set out in the Rundschreiben 30/2002. The GDV model applies, *inter alia*, the following parameters:

Stress test scenario A:	Fictitious decrease in market value of equities by 35% and Fictitious decrease in market value of bonds by 10%.
Stress test scenario B:	Fictitious decrease in market value of equities by 20% and Fictitious decrease in market value of bonds by 5%.

As of 31st December 2002, Victoria Leben and Victoria Krankenversicherung AG ("Victoria Kranken"), both indirect subsidiaries of the Guarantor, as well as KarstadtQuelle Lebensversicherung AG ("Quelle Leben"), a direct and indirect subsidiary of the Guarantor, are not in compliance with stress test scenario A and stress test scenario B. As of 31st December 2002, DKV Deutsche Krankenversicherung AG ("DKV"), an indirect subsidiary of the Guarantor, is not in compliance with stress test scenario A.

It should be noted that the stress test results are based on the GDV model and have no bearing on the actual solvency figures as of 31st December 2002. As of 31st December 2002 each of Victoria Leben, Victoria Kranken, Quelle Leben and DKV met the statutory solvency requirements.

The National Association of Insurance Commissioners ("NAIC") of the United States of America has a risk based capital ("RBC") standard for property and casualty insurance (and reinsurance) companies which measures the amount of capital appropriate for a property and casualty insurance company to support its overall business operations in light of its size and risk profile. The 2002 adjusted surplus to policyholders of American Re-Insurance Company, an indirect subsidiary of the Guarantor, was $1,730.8 million or 129% of

[1] *Closing price means the average of the final floor trading price of the share on the German stock exchanges on which the share is traded.*

[2] *Source: Bloomberg.*

its authorised control level RBC total of $1,342.2 million. Accordingly, American Re-Insurance Company is at the "regulatory action level". A company at the regulatory action level is subject to a mandatory examination and possible corrective action by the insurance commissioner of its state of domicile.

American Re-Insurance Company filed a comprehensive plan with the Insurance Department of the State of Delaware on 26th March 2003, outlining its plans for attaining the required levels of RBC and has subsequently indicated to the Guarantor that it is confident it will be able to meet all the provisions of the plan ultimately approved by the Insurance Department of the State of Delaware.

PROSPECTS

Please see the section entitled "Prospects" on page 13 of "Munich Re Group Quarterly Report – 3/2002" beginning on page 73.

Consolidated Audited Financial Statements of the Group

CONSOLIDATED BALANCE SHEET

ASSETS

		Notes	2001 (€ millions)	2001 (€ millions)	2001 (€ millions)	2000 (€ millions)	Change (€ millions)	Change %
A.	**Intangible assets**							
	I. Goodwill	(1)		4,419		2,625	1,794	68.3
	II. Other intangible assets	(2)		1,103		843	260	30.8
					5,522	3,468	2,054	59.2
B.	**Investments**							
	I. Real estate	(3)		9,044		8,405	639	7.6
	II. Investments in affiliated enterprises and associated enterprises	(4)		12,558		13,538	(980)	(7.2)
	III. Loans	(5)		11,182		9,150	2,032	22.2
	IV. Other securities							
	1. Held to maturity	(6)	980			1,186	(206)	(17.4)
	2. Available for sale	(7)	111,251			112,756	(1,505)	(1.3)
	3. Held for trading	(8)	412			259	153	59.1
				112,643		114,201	(1,558)	(1.4)
	V. Other investments							
	1. Deposits retained on assumed reinsurance	(11)	12,800			12,010	790	6.6
	2. Miscellaneous	(9)	3,101			1,523	1,578	>100
				15,901		13,533	2,368	17.5
					161,328	158,827	2,501	1.6
C.	**Investments for the benefit of life insurance policyholders who bear the investment risk**				666	581	85	14.6
D.	**Ceded share of underwriting provisions**	(17-20)			11,994	10,166	1,828	18.0
E.	**Receivables**	(10, 11)			9,713	9,145	568	6.2
F.	**Cash with banks, cheques and cash in hand**				1,866	2,273	(407)	(17.9)
G.	**Deferred acquisition costs**	(12)			7,286	6,361	925	14.5
H.	**Deferred tax assets**	(13)			2,320	1,925	395	20.5
I.	**Other assets**	(14)			1,359	821	538	65.5
Total assets					202,054	193,567	8,487	4.4

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

EQUITY AND LIABILITIES

		Notes	2001 (€ millions)	2001 (€ millions)	2000 (€ millions)	Change (€ millions)	Change %
A.	**Shareholders' equity**	(15)					
	I. Issued capital and capital reserve		3,167		3,165	2	0.1
	II. Revenue reserves		11,522		9,174	2,348	25.6
	III. Other reserves		4,418		9,513	(5,095)	(53.6)
	IV. Consolidated profit		250		1,750	(1,500)	(85.7)
				19,357	23,602	(4,245)	(18.0)
B.	**Minority interests**	(16)		990	2,354	(1,364)	(57.9)
C.	**Gross underwriting provisions**						
	I. Unearned premiums	(17)	5,812		5,376	436	8.1
	II. Provision for future policy benefits	(18)	89,016		82,944	6,072	7.3
	III. Provision for outstanding claims	(19)	39,511		31,248	8,263	26.4
	IV. Other underwriting provisions	(20)	15,642		21,541	(5,899)	(27.4)
				149,981	141,109	8,872	6.3
D.	**Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders**			655	583	72	12.3
E.	**Other accrued liabilities**	(21)		2,730	3,061	(331)	(10.8)
F.	**Liabilities**						
	I. Notes and debentures	(22)	2,474		1,793	681	38.0
	II. Other liabilities	(23)	22,187		16,237	5,950	36.6
				24,661	18,030	6,631	36.8
G.	**Deferred tax liabilities**	(13)		3,541	4,780	(1,239)	(25.9)
H.	**Other deferred items**	(24)		139	48	91	189.6
	Total equity and liabilities			202,054	193,567	8,487	4.4

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

CONSOLIDATED INCOME STATEMENT

Items	Notes	2001 (€ millions)	2000 (€ millions)	Change (€ millions)	Change %
1. Gross premiums written	(25)	36,123	31,113	5,010	16.1
2. Net earned premiums	(25)	31,680	28,129	3,551	12.6
3. Investment result	(26)	10,420	12,166	(1,746)	(14.4)
4. Other income	(27)	892	501	391	78.0
Total income (2-4)		42,992	40,796	2,196	5.4
5. Net expenses for claims and benefits	(28)	34,162	29,770	4,392	14.8
6. Net operating expenses	(29)	7,758	7,340	418	5.7
7. Other expenses	(30)	1,487	1,071	416	38.8
Total expenses (5-7)		43,407	38,181	5,226	13.7
8. Result before amortization of goodwill		(415)	2,615	(3,030)	(115.9)
9. Amortization of goodwill	(1)	230	145	85	58.6
10. Operating result before tax		(645)	2,470	(3,115)	(126.1)
11. Tax	(31)	(1,040)	399	(1,439)	(360.7)
12. Minority interests in earnings	(16)	145	321	(176)	(54.8)
13. Profit for the year		250	1,750	(1,500)	(85.7)
	Notes	€	€	€	%
Earnings per share	(41)	1.41	9.89	(8.48)	(85.7)
Earnings per share, diluted	(41)	1.41	9.84	(8.43)	(85.7)

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

CHANGES IN SHAREHOLDERS' EQUITY

All figures in € millions	Issued capital	Capital reserve	Revenue reserves	Other reserves	Consolidated profit	Total shareholders' equity
Status at 31.12.1999	453	2,708	6,862	7,298	1,133	18,454
Translation differences	—	—	236	(5)	(27)	204
Capital increases	—	4	—	—	—	4
Allocation to revenue reserves	—	—	938	—	(938)	—
Changes in the consolidated group	—	—	1,190	(1,152)	—	38
Change resulting from valuation at equity	—	—	—	847	—	847
Unrealized gains and losses on other investments	—	—	—	2,528	—	2,528
Profit for the year	—	—	—	—	1,750	1,750
Dividends	—	—	—	—	(168)	(168)
Other changes	—	—	(52)	(3)	—	(55)
Status at 31.12.2000	453	2,712	9,174	9,513	1,750	23,602
Translation differences	—	—	331	(8)	(15)	308
Capital increases	—	2	—	—	—	2
Allocation to revenue reserves	—	—	1,514	—	(1,514)	—
Changes in the consolidated group	—	—	171	—	—	171
Change resulting from valuation at equity	—	—	425	(1,879)	—	(1,454)
Unrealized gains and losses on other investments	—	—	—	(3,208)	—	(3,208)
Profit for the year	—	—	—	—	250	250
Acquisition of own shares	—	—	(53)	—	—	(53)
Dividends	—	—	—	—	(221)	(221)
Other changes	—	—	(40)	—	—	(40)
Status at 31.12.2001	453	2,714	11,522	4,418	250	19,357

CONSOLIDATED CASH FLOW STATEMENT

	2001 (€ millions)	2000 (€ millions)
Profit for the year, including minority interests in earnings	395	2,071
Net change in underwriting provisions	11,733	7,673
Change in deferred acquisition costs	(917)	(372)
Change in deposits retained and accounts receivable and payable	697	517
Change in other receivables and liabilities	509	(480)
Gains and losses on the disposal of investments	(1,765)	(4,072)
Change in securities held for trading	(161)	(72)
Change in other balance sheet items	(1,205)	(487)
Other income/expenses without impact on cash flow	(600)	(414)
I. Cash flows from operating activities	8,686	4,364
Change from the acquisition and sale of consolidated enterprises	(196)	(910)
Change from the acquisition, sale and maturities of other investments	(9,998)	(2,542)
Change from the acquisition and sale of investments for unit-linked life insurance	(109)	(172)
Other	(450)	(467)
II. Cash flows from investing activities	(10,753)	(4,091)
Inflows from increases in capital	2	4
Dividend payments	(259)	(197)
Change from other financing activities	1,924	1,711
III. Cash flows from financing activities	1,667	1,518
Cash flows for the business year (I+II+III)	(400)	1,791
Effect of exchange rate changes on cash	(7)	(5)
Cash at the beginning of the business year	2,273	487
Cash at the end of the business year	1,866	2,273
Additional information		
Tax on earnings (net)	91	444
Interest paid	212	215

Our reporting on the Group cash flow is based on IAS 7 and the principles of German Accounting Standard No. 2 (DRS 2) issued by the German Standards Board (DSR) for the presentation of cash flow statements.

This has been supplemented by the requirements of DRS 2-20, which applies specifically to insurance companies.

In deviation from the previous year, only net cash flows are shown. We have adjusted the previous year's figures accordingly.

The "cash fund" within the meaning of the German Accounting Standard is limited to cash and cash equivalents shown under balance sheet item F "cash with banks, cheques and cash in hand".

Unconsolidated Audited Financial Statements of the Guarantor

BALANCE SHEET

ASSETS

	Notes	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2000 (€ thousands)
A. Intangible assets	(1)				30,735	35,419
B. Investments	(2, 3)					
I. Real estate				964,097		1,038,147
II. Investments in affiliated enterprises and participations*						
1. Shares in affilitated enterprises			7,170,517			9,117,359
2. Loans to affiliated enterprises			849,387			788,785
3. Participations			2,665,203			230,143
4. Loans to participations			67,114			46,766
				10,752,221		10,183,053
III. Other investments						
1. Shares, investment fund certificates and other non-fixed-interest securities			12,095,412			9,375,097
2. Bearer bonds and other fixed-interest securities			6,055,201			4,956,502
3. Mortgage loans			12,322			11,556
4. Other loans						
a) Registered bonds		3,908				67,635
b) Loans and promissory notes		9,471				261,193
c) Miscellaneous		128				0
			13,507			328,828
5. Deposits with banks			230,581			388,697
6. Miscellaneous investments			52,653			23,706
				18,459,676		15,084,386
IV. Deposits retained on assumed reinsurance business				18,479,311		17,078,611
					48,655,305	43,384,197
C. Receivables						
I. Accounts receivable on reinsurance business				2,635,236		2,551,134
Thereof from						
– affiliated enterprises: T€604,907 (368,731)						
– participations: T€281,846 (339,915)						
II. Other receivables	(4)			764,243		606,096
Thereof from						
– affiliated enterprises: T€228,864 (221,468)						
– participations: T€2,761 (1,568)						
					3,399,479	3,157,230

* *Companies in which a participating interest is held.*

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

		Notes	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2000 (€ thousands)
D.	**Other assets**						
	I. Tangible assets and inventories				35,410		11,941
	II. Cash at bank in current accounts, cheques and cash in hand				186,378		76,594
	III. Other assets				4,691		0
						226,479	88,535
E.	**Deferred taxes**					441,309	347,380
F.	**Other deferred items**	(5)					
	I. Accrued interest and rent				100,115		85,085
	II. Miscellaneous deferred items				3,980		10,845
						104,095	95,930
Total assets						52,857,402	47,108,691

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

EQUITY AND LIABILITIES

	Notes	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2000 (€ thousands)
A. Shareholders' equity	(6)				
I. Issued capital			452,992		452,977
II. Capital reserve			2,713,342		2,712,388
III. Revenue reserves			1,061,799		841,799
IV. Balance sheet profit			220,979		221,180
				4,449,112	4,228,344
B. Special reserve	(7)			148,905	273,779
C. Underwriting provisions	(8)				
I. Unearned premiums					
1. Gross amount		3,289,481			2,316,751
2. Less for retroceded business		233,220			237,716
			3,056,261		2,079,035
II. Provision for future policy benefits					
1. Gross amount		17,046,579			16,996,619
2. Less for retroceded business		2,095,453			2,536,420
			14,951,126		14,460,199
III. Provision for outstanding claims					
1. Gross amount		20,767,638			16,077,658
2. Less for retroceded business		2,475,840			1,143,585
			18,291,798		14,934,073
IV. Provision for premium refunds					
1. Gross amount		24,299			18,146
2. Less for retroceded business		4,362			4,025
			19,937		14,121
V. Claims equalization provision and similar provisions			2,753,501		2,736,691
VI. Other underwriting provisions					
1. Gross amount		532,224			339,912
2. Less for retroceded business		12,863			5,346
			519,361		334,566
				39,591,984	34,558,685
D. Other accrued liabilities	(9)				
I. Provisions for employees' pensions and similar commitments			197,138		184,390
II. Provisions for tax			757,107		699,775
III. Miscellaneous			182,147		248,963
				1,136,392	1,133,128
E. Deposits retained on retroceded business				2,353,537	2,717,513
F. Other liabilities					
I. Accounts payable on reinsurance business			2,074,383		1,918,421
Thereof to					
– affiliated enterprises: T€135,321 (104,015)					
– participations: T€221,504 (257,752)					
II. Notes and debentures	(10)		1,179,473		1,160,481
III. Amounts owed to banks	(11)		901,824		676,593
IV. Miscellaneous liabilities	(12)		1,021,514		441,393
Thereof towards					
– affiliated enterprises: T€816,099 (188,734)					
– participations: T€94,150 (164,777)					
Thereof from taxes: T€14,523 (6,876)					
Thereof for social security: T€2,744 (2,411)					
				5,177,194	4,196,888
G. Deferred items	(13)			278	354
Total equity and liabilities				52,857,402	47,108,691

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

INCOME STATEMENT

Items	Notes	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2000 (€ thousands)
I. Technical account					
1. Earned premiums for own account					
a) Gross premiums written		15,463,618			12,818,452
b) Retroceded premiums		1,737,908			1,517,577
			13,725,710		11,300,875
c) Change in gross unearned premiums		(931,010)			(292,292)
d) Change in retroceded share of unearned premiums		(6,172)			(20,052)
			(937,182)		(312,344)
				12,788,528	10,988,531
2. Interest income on underwriting provisions for own account.....	(15)			978,166	800,388
3. Other underwriting income for own account				1,207	497
4. Claims incurred for own account					
a) Claims paid					
aa) Gross amount		9,579,618			8,940,858
bb) Retroceded amount...		989,049			898,564
			8,590,569		8,042,294
b) Change in provision for outstanding claims					
aa) Gross amount		4,249,607			252,533
bb) Retroceded amount...		1,303,642			37,688
			2,945,965		214,845
				11,536,534	8,257,139
5. Change in other underwriting provisions for own account					
a) Net provision for future policy benefits			(245,170)		(937,936)
b) Other net underwriting provisions			(82,004)		15,539
				(327,174)	(922,397)
6. Expenses for premium refunds for own account.....				16,925	8,148
7. Operating expenses for own account.....	(16)				
a) Gross operating expenses....			4,777,871		4,077,303
b) Less commission received on retroceded business.....			388,698		408,776
				4,389,173	3,668,527
8. Other underwriting expenses for own account				18,260	22,033
9. Subtotal				(2,520,165)	(1,088,828)
10. Change in claims equalization provision and similar provisions..				526	82,194
11. Underwriting result for own account.....	(14)			(2,519,639)	(1,006,634)

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

			Notes	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2001 (€ thousands)	2000 (€ thousands)
II.	Non-technical account							
	1.	Investment income	(17, 19)					
		a) Dividends from participations						
		Thereof from affiliated enterprises: T€300,648 (356,070)			654,103			489,746
		b) Income from other investments						
		Thereof from affiliated enterprises: T€298,563 (296,608)						
		aa) Rents from real estate		146,148				148,298
		bb) Income from other investments		2,615,435				1,931,521
					2,761,583			2,079,819
		c) Income from write-ups			51,960			69,383
		d) Realized gains on investments			1,321,636			512,203
		e) Income from reduction of special reserve			139,077			23,764
						4,928,359		3,174,915
	2.	Investment expenses	(16, 18, 19)					
		a) Expenses for the management of investments, interest paid and other expenses for investments			102,278			114,454
		b) Writedowns on investments			391,365			89,370
		c) Realized losses on investments			206,181			44,605
		d) Allocations to special reserve			3,062			0
						702,886		248,429
						4,225,473		2,926,486
	3.	Interest income on underwriting provisions				1,114,254		956,697
							3,111,219	1,969,789
	4.	Other income				170,976		71,485
	5.	Other expenses						
		a) Special allocations to provision for outstanding claims			0			140,000
		b) Miscellaneous			241,298			175,090
						241,298		315,090
							(70,322)	(243,605)
	6.	Operating result before tax					521,258	719,550
	7.	Taxes on profit and income				75,903		275,415
	8.	Other taxes				4,499		2,955
							80,402	278,370
	9.	Profit for the year					440,856	441,180
	10.	Profit brought forward from previous year					123	0
	11.	Transfer to revenue reserves					220,000	220,000
	12.	Balance sheet profit					220,979	221,180

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Offering Circular.

Use of Proceeds

The net proceeds of the issuance of the Bonds, amounting to approximately €2,970,540,000, will be used for general corporate purposes.

Taxation

This section provides a general description of the main German and Netherlands tax issues and consequences of acquiring, holding, redeeming and/or disposing of the Bonds. This summary provides general information only and is restricted to the matters of German and Netherlands taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all German and Netherlands tax issues and consequences associated with or resulting from any of the above-mentioned transactions. Prospective acquirers are urged to consult their own tax advisors concerning the detailed and overall tax consequences of acquiring, holding, redeeming or disposing of the Bonds.

The summary provided below is based on the information provided in this Offering Circular and on the German and Netherlands tax laws, regulations, resolutions and other public rules with legal effect, and the interpretation thereof under published case law, all as in effect as of the date of this Offering Circular and with the exception of subsequent amendments with retroactive effect.

GERMANY

The discussion below is limited to income taxation consequences of payments under the Bonds and of capital gains arising on a disposal of Bonds and to gift and inheritance tax consequences of certain disposals of Bonds under German law. It does not address all aspects of such German taxation. In particular, this discussion does not comprehensively address the tax considerations that will be relevant to prospective investors who are resident for tax purposes outside Germany, for example foreign residents with a permanent establishment in Germany.

Income Taxation

Taxation of a German tax-resident individual

If the Bonds are held as personal (non-business) assets (*Privatvermögen*) by an individual, payments of interest under the Bonds will be taxed as interest income and the amount of such payments after deduction of related expenses will be subject to personal income tax, plus a solidarity surcharge thereon which is currently levied at 5.5%. The tax authorities are likely to argue that the Bonds qualify as financial innovations (*Finanzinnovationen*) under German income tax law. If this view prevails, capital gains and capital losses resulting from the disposal of Bonds would be taxed to the Bondholder as interest income. Otherwise any gain or loss from the sale or other disposal of the Bonds will only be taken into account if the Bondholder has held the Bonds for no more than one year. Losses from a sale of the Bonds may not be fully deductible from other income derived by the Bondholder. A personal annual exemption (*Sparer-Freibetrag*) of €1,550 (€3,100 for married couples filing their tax return jointly) is available for investment income (including such derived from the Bonds). In addition, an individual is entitled to a standard deduction of €51 (€102 for married couples filing their tax return jointly) in computing his overall investment income, unless higher expenses are evidenced.

If the Bonds are held as business assets (*Betriebsvermögen*), payments of interest under the Bonds will be subject to income tax, solidarity surcharge and, possibly, trade tax, which is a municipal tax levied at an effective tax rate of usually between 12% and 20% depending upon the applicable trade tax factor of the relevant municipality. However, the trade tax (if any) will be credited against the Bondholder's income tax liability in a standardised form. Any capital gains or capital losses resulting from the disposal of Bonds will be subject to income tax, solidarity surcharge and, possibly, (deductible) trade tax if the Bonds are held as business assets.

Taxation of a German tax-resident corporation

Payments of interest under the Bonds will be subject to corporate income tax at a rate of 25% plus solidarity surcharge and trade tax. The corporate income tax rate will increase to 26.5% for the assessment year 2003. Trade tax is not creditable against corporate income tax but only a deductible item in computing the tax base.

In addition, capital gains or capital losses arising from a disposal (including redemption) of the Bonds will also be subject to corporate income tax, solidarity surcharge and trade tax.

German withholding tax on interest income

If the Bonds are kept in a custodial account maintained by a German Bondholder with a German bank or a German financial services institution, each as defined in the German Banking Act (*Kreditwesengesetz*) (including a German branch of a foreign bank or a foreign financial services institution, but excluding a foreign branch of a German bank or German financial services institution) (a "German Collecting Agent"), the German Collecting Agent will generally be required to deduct withholding tax on interest income (*Zinsabschlagsteuer*) at a rate of 30% (plus solidarity surcharge, resulting in an aggregate withholding tax rate of 31.65%) of the gross amount paid as income with respect to the Bonds. Provided the Bonds qualify as financial innovations, upon the sale or redemption of the Bonds, a German Collecting Agent will generally be required to withhold tax at an aggregate rate of 31.65% on:

(i) the excess of the sale or redemption proceeds of the Bonds over the Holder's acquisition cost, if the Bonds have been acquired through, or purchased from, and have since been held in custody with such German Collecting Agent, or

(ii) an amount equal to 30% of the sale or redemption proceeds of the Bonds, if the Bonds have not been so held with such German Collecting Agent.

In the unlikely event that definitive Bonds are issued and the Holder collects interest payments or disposes of Bonds or coupons in an over-the-counter transaction the withholding tax will be applied at a rate of 35% (plus solidarity surcharge thereon).

Tax withheld by the German Collecting Agent will be credited against the German Holder's (being either a corporation or an individual) final liability for corporate or personal income tax or refunded if in excess of such final tax liability.

Non-German tax residents

Persons not tax-resident in Germany and neither holding the Bonds as part of a domestic business or with a domestic permanent representative nor as assets effectively connected to certain other German sources of income (such as income from the leasing or letting of certain German property) are not subject to withholding tax, including any solidarity surcharge thereon, except in specific circumstances (in particular, where payments are made over-the-counter).

Inheritance and Gift Tax

Under German Law, German inheritance or gift tax will be imposed, in principle on the fair market value at the time of the taxable event, on the transfer of Bonds to another person by gift or at death if:

- the donor or transferor or the heir, donee or other beneficiary has his residence or habitual abode in Germany or, subject to further requirements, is a German expatriate; or
- the Bonds were assets of a business for which a German permanent establishment was maintained, or a German permanent representative was appointed, at the time of the transfer.

Other German Taxes

No German transfer, stamp or similar taxes apply to the sale or transfer of Bonds. Net worth tax is currently not levied.

Tax Reform Proposal

Under draft legislation, among other things, the following amendments to the current tax rules as discussed above have been proposed (however, it still needs to be seen whether these changes will actually be implemented):

- Even if the Bonds did not qualify as financial innovations capital gains from the sale or other disposition of the Bonds would be taxable to individuals holding the Bonds as personal (non-business) assets at a flat rate of 15%, regardless of the holding period; and
- German branches of German or non-German banks and financial services institutions are obligated to notify the tax authorities of any payment of interest under the Bonds and any capital gain derived by a Bondholder.

- The German government has announced a further tax reform proposal under which a 25% flat tax would be imposed on interest income. The tax is understood to apply to individuals (but not to corporations), regardless of the personal income tax bracket applicable to their other income. The tax would be levied at source and would replace the existing 30% withholding tax explained above. However, where a Bondholder's marginal income tax rate is less than 25% or to the extent his taxable interest income from the Bonds together with other investment income does not exceed the annual exemption and standard deduction amounts discussed above the tax withheld in excess of the amount that would be owed under the general tax schedule will be refunded based on an assessment to tax. Again, it has to be seen whether and in what form this proposal will be finally adopted.

THE NETHERLANDS

The following summary does not address The Netherlands tax consequences of a Bondholder who holds a substantial interest (*aanmerkelijk belang*) in the Issuer, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a Bondholder holds a substantial interest in the Issuer, if such Bondholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer. For the purpose of this summary, the term Issuer includes the Guarantor. For the purpose of this summary, the Issuer is considered a resident of The Netherlands for Netherlands tax purposes.

Withholding Tax

No Netherlands withholding tax is due upon payments on the Bonds, provided that the Bonds are considered debt for Netherlands tax purposes and do not in fact have the function of equity of the Issuer within the meaning of Article 10(1)(d) of the Corporate Income Tax Act 1969.

Corporate Income Tax and Individual Income Tax

Residents of The Netherlands

If the Bondholder is subject to Netherlands corporate income tax and the Bonds are attributable to its (deemed) business assets, income derived from the Bonds and gains realised upon the redemption and disposal of the Bonds are generally taxable in The Netherlands.

If the Bondholder is an individual, resident or deemed to be a resident of The Netherlands for Netherlands tax purposes (including the individual Bondholder who has opted to be taxed as a resident of The Netherlands), the income derived from the Bonds and the gains realised upon the redemption and disposal of the Bonds are taxable at the progressive rates of the Income Tax Act 2001, if:

(i) the Bondholder has an enterprise or an interest in an enterprise, to which enterprise the Bonds are attributable; or

(ii) such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Bonds that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If the above-mentioned conditions (i) or (ii) do not apply to the individual Bondholder, the actual income derived from the Bonds and the actual gains realised with respect to the Bonds will not be taxable. Instead, such Bondholder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's "yield basis" (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Bonds will be included in the individual's yield basis.

Non-residents of The Netherlands

A Bondholder that is not a resident nor deemed to be a resident of The Netherlands for Netherlands tax purposes (nor, if he or she is an individual, has opted to be taxed as a resident of The Netherlands) is not taxable in respect of income derived from the Bonds and gains realised upon the redemption and disposal of the Bonds, unless:

(i) the Bondholder has an enterprise or an interest in an enterprise, that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which Netherlands permanent establishment or permanent representative the Bonds are attributable; or

(ii) the Bondholder is entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Bonds are attributable; or

(iii) the Bondholder is an individual and such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) in The Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities in The Netherlands with respect to the Bonds that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Residents of The Netherlands

Generally, gift and inheritance taxes will be due in The Netherlands in respect of the acquisition of the Bonds by way of a gift by, or on the death of, a Bondholder who is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of The Netherlands nationality is deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax, if he or she has been resident in The Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax only if he or she has been residing in The Netherlands at any time during the twelve months preceding the time of the gift.

Non-residents of The Netherlands

No gift or inheritance taxes will arise in The Netherlands in respect of the acquisition of the Bonds by way of gift by, or as a result of the death of, a Bondholder who is neither a resident nor deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax, unless:

(i) such Bondholder at the time of the gift has or at the time of his of her death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which Netherlands permanent establishment or permanent representative the Bonds are or were attributable; or

(ii) the Bonds are or were attributable to the assets of an enterprise that is effectively managed in The Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or

(iii) in the case of a gift of the Bonds by an individual who at the date of the gift was neither a resident nor deemed to be a resident of The Netherlands, such individual dies within 180 days after the date of the gift, while at the time of his or her death, being a resident or deemed to be a resident of The Netherlands.

Other Taxes and Duties

No Netherlands VAT, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be due in The Netherlands by a Bondholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Bonds.

Proposed European Union Directive on the Taxation of Savings

On 21st January 2003, the European Council of Economics and Finance Ministers (ECOFIN) provisionally agreed on proposals under which, with effect from 1st January 2004, Member States will be 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, except that, for a transitional period, Belgium, Luxembourg and Austria will instead be required to operate a withholding tax 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). The withholding tax is set at a rate of 15% during the first three years of the transition period. Subsequently, the rate will increase to 20% as of 1st January 2007 and 35% as of 1st January 2010. Additionally, it was agreed

by ECOFIN that the adoption of the proposals by the European Union would require certain other non-Member State countries to adopt a similar withholding system in relation to such payments.

Bondholders who are individuals should note that, if this proposal is adopted in its current form, the provisions relating to additional amounts, referred to in §7 of "Terms and Conditions of the Bonds" of this Offering Circular, will not apply in respect of any withholding tax imposed as a result thereof.

Subscription and Sale

Bayerische Hypo- und Vereinsbank AG, Deutsche Bank AG London and UBS Limited (together, the "Managers") have entered into a subscription agreement dated 15th April 2003 (the "Subscription Agreement") with the Issuer and the Guarantor and, subject to the terms thereof, the Managers have severally agreed to subscribe and pay for the Bonds at the price of 99.418% of their principal amount. 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 issuance of the Bonds. The Subscription Agreement is governed by German law.

UNITED STATES OF AMERICA

The Bonds including the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may only be sold in transactions that are exempt from, or not subject to, the registration requirements of the Securities Act.

The Bonds 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by Regulation S under the Securities Act, it will not offer, sell or deliver the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of U.S. persons, and it will have sent to each dealer to which it sells during the Restricted Period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

UNITED KINGDOM

Each of the Managers has represented and agreed that:

(a) it has not offered or sold and, prior to the expiry of the period of six months from the issue date of the Bonds, will not offer or sell any Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("FSMA") with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

GERMANY

Each Manager has represented and agreed that Bonds have not been and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13th December 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities and that no selling prospectus (*Verkaufsprospekt*) within the meaning of the German Securities Selling Prospectus Act has been or will be registered or published within the Federal Republic of Germany.

GENERAL

In addition to the specific restrictions set out above, each Manager has agreed that it will observe all applicable provisions of law in each jurisdiction in or from which it may offer or sell Bonds or distribute any offering material in relation to the Bonds.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or any Manager that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and each of the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other material relating to the offering of the Bonds, in all cases at their own expense.

General Information

(1) Application has been made to list the Bonds on the Luxembourg Stock Exchange. Prior to the listing on the Luxembourg Stock Exchange, a legal notice containing information regarding the issue of the Bonds and the Articles of Association of the Issuer and the Guarantor will be registered and deposited with the *Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*, where copies thereof may be inspected and obtained. For so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of such stock exchange require, the Issuer will maintain a Paying Agent in Luxembourg.

(2) The creation and issue of the Bonds has been authorised by resolutions of the Board of Management of the Issuer dated 2nd April 2003 and 9th April 2003. The giving of the Guarantee of the Bonds has been authorised by a resolution of the Board of Management of the Guarantor dated 1st April 2003.

(3) Within their regular business activities, the Issuer, the Guarantor and its subsidiaries may be involved in legal disputes and proceedings. For example a subsidiary of the Guarantor, Great Lakes Reinsurance (UK) PLC, and some ceding companies are involved in litigation procedures in relation to the terrorist attack on 11th September 2001 in the United States. Pursuant to its own estimates the Guarantor has set aside sufficient reserves for claims out of its business. As at the date of this Offering Circular, there are no legal disputes or proceedings pending or threatened against the Group (including the litigation procedures mentioned above) which, to the knowledge and belief of the Issuer and the Guarantor, could have a material impact on the Group in the context of the issue of the Bonds.

(4) Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of the Guarantor or the Group since 30th September 2002 and no material adverse change in the financial position of the Guarantor or the Group since 31st December 2001. There has been no material adverse change in the financial condition of the Issuer since the date of its incorporation.

(5) For so long as any Bond is outstanding, copies of the following documents (and any other documents mentioned in this Offering Circular) may be inspected (and copies of documents (c) and (d) are available free of charge) during normal business hours at the specified office of each Paying Agent:

(a) the Agency Agreement;

(b) the Guarantee;

(c) the Articles of Association (*Statuten*) of the Issuer; and

(d) the Articles of Association (*Satzung*) of the Guarantor.

(6) For so long as any of the Bonds are outstanding, a copy of the Audited Annual Report of the Issuer for each period since its incorporation may be obtained free of charge during normal business hours at the specified office of each Paying Agent. The first period in relation to which financial statements of the Issuer will be prepared shall cover the period from its date of incorporation until 31st December 2003 and shall be published in early 2004. The Issuer does not publish interim financial statements.

(7) For so long as any of the Bonds are outstanding, a copy of the latest Audited Annual Report of the Guarantor (consolidated and non-consolidated) for each period since the financial year ended 31st December 2000, as well as any interim reports (which are currently prepared quarterly on a consolidated basis only) may be obtained free of charge during normal business hours at the specified office of each Paying Agent.

(8) The auditors of the Guarantor, KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, have audited the accounts of the Guarantor in accordance with the laws of Germany and issued an unqualified audit opinion for each of the three financial years ended 31st December 1999, 31st December 2000 and 31st December 2001, respectively.

(9) Notices to the holders of the Bonds will be published, so long as the Bonds are listed on the Luxembourg Stock Exchange, in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the *Tageblatt*).

Subject to the requirements of any stock exchange on which the Bonds may be listed from time to time, for so long as the Bonds are represented by a Global Bond held on behalf of the Clearing Systems such publication may be replaced by the delivery of the relevant notice to the Clearing Systems for delivery to the holders of the Bonds.

(10) The Temporary Global Bond, the Permanent Global Bond and, if any, Bonds in definitive form and related coupons will each bear the following legend:

> "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."

The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment with respect to any gain, realised on any sale, exchange or redemption of a Bond.

(11) The Bonds have been accepted for clearance through the Clearing Systems. The Common Code for the Bonds is 016696579, the ISIN is XS0166965797 and the German Security Code (WKN) is 843278.

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3/2002

Munich Re Group
Quarterly Report



Münchener Rück
Munich Re Group

Supervisory Board

Ulrich Hartmann (Chairman)

Board of Management

Dr. Hans-Jürgen Schinzler (Chairman)

Dr. Nikolaus von Bomhard

Clement Booth

Dr. Heiner Hasford

Stefan Heyd

Christian Kluge

John Phelan (from 1st April 2002)

Dr. Detlef Schneidawind

Dr. Jörg Schneider

Karl Wittmann

Key figures for the Munich Re Group

		Q1–3 2002	Q1–3 2001	Change in %	Q3 2002	Q3 2001	Change in %
Gross premiums written	€m	29,611	25,826	14.7	9,163	8,771	4.5
Result before amortization of goodwill	€m	2,446	–247	–	–1,204	–2,066	41.7
Minority interests in earnings	€m	–49	66	–174.2	–52	–16	–225.0
Net income	€m	3,239	85	–	–859	–1,213	29.2
Earnings per share	€	18.25	0.48	–	–4.82	–6.86	29.7

		30.9.2002	31.12.2001	Change in %
Investments	€m	159,759	161,994	–1.4
Shareholders' equity	€m	16,645	19,357	–14.0
Net underwriting provisions	€m	143,285	138,642	3.3
Staff		39,848	38,317	4.0
Share price	€	103.20	305.00	–66.2

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To our shareholders

Dear Shareholders,

In this interim report we wish to inform you about the business performance of the Munich Re Group from 1st January to 30th September 2002, the third quarter of 2002, and our expectations for the current reporting year.

The first nine months of the business year 2002 saw a marked upswing in our reinsurance business, the satisfactory completion of the shareholding transactions initiated in the past two years, the successful realignment of American Re, and the effects of a historically unparalleled deterioration of the capital markets.

Even if stock markets have rallied somewhat since then, the quarter ending 30th September was characterized by price swings of unprecedented dimensions and the steepest price falls in decades. In September alone, the Euro STOXX 50 index lost 505 percentage points and, with a decline of 18.6%, recorded the second-largest monthly drop since it was first calculated at the end of 1986. Although the results of our underwriting business, in particular in property-casualty reinsurance, represent a substantial improvement on last year's disappointing figures, Munich Re's shares were unfortunately not spared the effects of the bear market.

The current capital market situation is still posing formidable challenges to the insurance industry, in particular to European companies, who have traditionally invested heavily in equities. The Munich Re Group's investment portfolio has also been impacted by the extreme volatility on the stock markets. Large writedowns affected the third-quarter result in all fields of business and gave rise to a loss for the Group of €859m. The result for the first nine months of the current year still yielded a net profit of €3,239m.

In reinsurance we are coming noticeably closer to our goal of improving the profitability of our business through healthy organic growth. In the year to date, we have been able to achieve a sizeable premium increase of 23.1% (18.4%), which primarily reflects marked price increases.

Following unsatisfactory results in the last few years, the figures for the current risk period are showing a distinctive upward trend throughout this segment of business, above all in property-casualty reinsurance, which is particularly significant to our overall result. The long-overdue return to risk-commensurate terms and conditions began at the end of 2000, albeit remaining well short of what was needed. The claims burden arising from the terrorist attacks of 11th September 2001 reinforced this trend, which we in particular, as a large, experienced and financially strong reinsurer, have been able to utilize. The prices and conditions of the treaties renewed since then have improved. Nevertheless, the increased risks will make further adjustments necessary.

Our combined ratio – claims and costs in relation to net premiums earned – for the first nine months was 127.3%. It contains 21.6 percentage points for expenditure incurred in the second quarter for the additional allocations to the claims reserves for our US business and the World Trade Center loss. Excluding these provisions for previous accident years, the combined ratio would have been a favourable 105.7%. In the same period last year the ratio produced by comparable calculations stood at 107.0%.

This substantial improvement can be attributed not only to the upswing on the reinsurance markets but also to the successful completion in mid-2001 of our organizational restructuring, the fruits of which we are now reaping. Our new structure has helped us consistently adapt our covers and prices to requirements.

The combined ratio for the third quarter of 2002 was 114.1%. In this "snapshot" figure the impact from natural catastrophes is equivalent to about 11.3 percentage points. The exact extent of the damage from floods that ravaged large areas of central Europe and Asia in August has not yet been determined. Since our market position in many of these regions is very strong, our total claims burden in insurance and reinsurance from these events remains unchanged over earlier reports at up to €500m.

At the end of September – with a view to the good prospects for the reinsurance market – we strengthened the capital of our US subsidiary American Re as announced by allocating US$ 1.4bn from our own resources. This has ensured that, in the run-up to the renewals of many reinsurance treaties for 2003, American Re remains among the top group of US reinsurers in terms of financial strength, with the necessary funds to take advantage of the upswing.

In many countries primary insurance is experiencing and actively shaping an increasingly intensive debate on the financeability of state pension and health insurance systems. In view of adverse demographic trends, technical progress and a drastic rise in medical costs, governments are struggling to find the right balance between state and privately funded systems.

Notwithstanding the slump on the stock markets, life insurance has passed the test as the cornerstone of private old-age provision. Although an adjustment of policyholders' bonuses to reflect the lower market interest rates is foreseeable for 2003 and also urgently needed in Germany for instance, life insurance clients have been spared the capital losses that investors in equities and equity funds have sustained recently. Private medical insurance offers forward-looking concepts and well-balanced products for financing a healthcare system that is commensurate with requirements. These concepts and products are based on the principles of community, heightened personal responsibility and a funding basis for anticipated future cost increases. The public interest would be better served by further promoting and opening up private insurance systems

rather than repressing them: in the long run, the funding problems facing state social insurance systems can be alleviated only with the help of the private insurance industry rather than at its expense. Premium growth in life and health insurance impressively illustrates that the insurance solutions offered are attractive for clients.

The primary insurance companies in the Munich Re Group rank among the leading providers of German insurances of the person, a field of business which in our view still holds great promise for the future. All in all, in the first nine months of the current year they wrote gross premium of €8.3bn in the life and health classes of business. This was equivalent to a 5.8% increase over the same period last year. In non-life insurance, our primary insurance group also managed to record substantial growth, increasing its premium income by 5.9% to €3.9bn. As with reinsurance, the result of this segment was heavily impaired by the price falls on the stock markets.

In our income statement for the third quarter we made investment write-downs of €0.6bn in reinsurance and €2.1bn in primary insurance. These writedowns impacted our Group result with a total of €1.1bn. In relation to the whole Group, the strong decline in share prices between the end of June and the end of September reduced our shareholders' equity by €2.7bn to a still high €16.6bn.

The fourth-quarter result is also likely to be characterized by a substantial burden on investments. Even if no further large claims occur in the remaining weeks of the current year, the consolidated profit for 2002 will be decidedly lower than the result of the first nine months of the reporting period, despite the noticeably improved performance of underwriting business over the previous year. Nevertheless, we expect to make a net profit that will allow us to strengthen our reserves and to propose payment of an unchanged dividend of €1.25 per share at our AGM on 11th June 2003.

Despite the difficult situation on the stock markets and the resultant effects on our investment portfolio, our position in many areas is better now than it was a few years ago. We have continued to improve our monitoring and management tools and have significantly enhanced the quality of our business portfolio. Given the favourable climate on the reinsurance markets in particular, we take a very positive view of our prospects, which is also shared by the leading rating agencies.

Once the capital markets return to normal, allowing prices and yields to revert to realistic levels, the great progress we have made in our underwriting business will also make itself fully felt in our consolidated profit. In this case, you as the shareholders of our Company will once again be able to derive more pleasure from your shares than during the past few turbulent months.

Yours sincerely,



Overall economic development

- **Economic indicators continue to weaken**
- **Political risks and sliding share prices impact the real economy**
- **Interest rates remain low**
- **Growing concern about deflationary trends**

US business activity continues to be the main driver of the world economy. The focus of interest is on US consumer spending, which accounts for more than two-thirds of the country's GDP. Although consumer demand was still very robust at the beginning of the third quarter, during the period under review there were further signs of a weakening, as there had been with other key economic indicators released earlier.

In Euroland the economic picture also became bleaker. Most early indicators, especially consumer and producer confidence indices, reflected an increasingly negative overall economic climate. This was particularly true in Germany. The disastrous flooding in central Europe in the third quarter of 2002 will probably have only a marginally adverse effect on the overall economy; in the coming year, the agreed reconstruction measures could even lead to a slight expansion.

As far as the EU candidates from central and eastern Europe are concerned, the proposals put forward by the EU Commission and the positive outcome of Ireland's referendum in October were important steps on the road to EU expansion. In Latin America the high risk aversion of the international financial markets as well as political uncertainty in some regions continued to impede economic development. By contrast, the emerging Asian economies, led by China, held up well. Economic activity in Japan stayed weak, thus dashing some hopes of a revival.

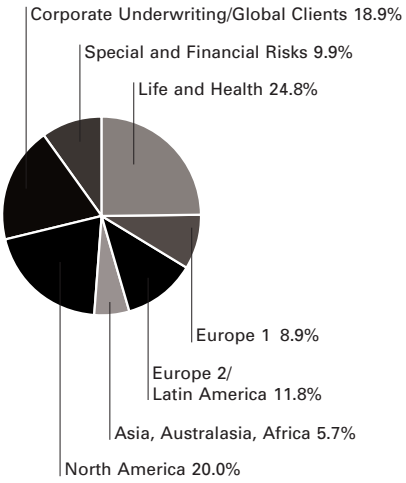
Against this backdrop of restrained development in the real economy, the price trend in most industrial nations was characterized by low and, in some cases, further declining inflation rates in the third quarter. There is growing concern in some circles that the deflationary trend might continue. In Euroland, ECB interest rates remained unchanged. At the beginning of November, the US Federal Reserve lowered key interest rates by 50 basis points.

With volatility remaining high on the stock markets towards the end of the reporting period, a number of share price indices recorded their lowest levels in years in the period under review. There are increasing fears that the capital market weakness could have a knock-on effect on the real economy particularly in the form of reduced consumer spending. Having surpassed parity with the US dollar, the euro stopped climbing and fell again slightly. At the beginning of November, it again rose above the parity mark.

In view of the current state of the capital markets and the strained geo-political situation, the outlook for the overall economy continues to be clouded by a substantial number of major imponderables. All in all, we think the risks of further disappointments are higher than the chances of unexpected improvement. It is likely that the stock and bond markets will continue to be characterized by high volatility. We anticipate that the euro-dollar exchange rate will remain within the range of the last few years.

Business experience from 1st January to 30th September 2002

Gross premiums by division



REINSURANCE

- **Positive market trend remains intact**
- **Strong premium growth**
- **Flood disasters impact the result**
- **Combined ratio in basic business still favourable**
- **Investment result characterized by high capital gains and writedowns on securities**

The figures for the third quarter 2002 confirm that our reinsurance business is continuing to perform favourably.

In renewing our reinsurance treaties for the current business year and with effect from 1st April and 1st July, we succeeded in obtaining most of the far-reaching improvements in prices and conditions that were needed on our major markets, benefiting from a growing willingness amongst primary insurers to pay an appropriate price for quality and security in reinsurance.

In the third quarter of 2002 our gross premium income amounted to €6.0bn (5.4bn), or 9.8% more than in the same period last year. In the first nine months of the business year our premium rose by 23.1% to €19.1bn (15.5bn). For the year as a whole we anticipate a noticeably lower growth rate of 13% to €25bn. This is mainly attributable to an underlying effect: the particularly high premium income achieved in the fourth quarter of last year was heavily influenced by several one-off transactions.

Reinsurance		**Q1–3 2002**	**Q1–3 2001**	**Q3 2002**	**Q3 2001**
Gross premiums	€bn	19.1	15.5	6.0	5.4
Loss ratio non-life	%	100.8	104.0	88.2	149.5
Expense ratio non-life	%	26.5	29.9	25.9	30.1
Combined ratio non-life	%	127.3	133.9	114.1	179.6
Result before amortization of goodwill	€m	3,729	–642	–553	–2,124

		30.9.2002	**31.12.2001**
Investments	€bn	71.0	71.0
Net underwriting provisions	€bn	55.7	50.8

Our premium income in life and health reinsurance was down by 8.6% to €1.4bn (1.5bn) in the past quarter. From 1st January to 30th September we wrote €4.7bn (4.6bn) in gross premium, equivalent to a gain of 3.6%. In property-casualty business our premium increased by 16.9% to €4.6bn (3.9bn) in the third quarter and by 31.3% to €14.4bn (10.9bn) in the first nine months of the business year. We owe this large rise not only to appreciably higher premiums for existing covers but also to the acquisition of attractive new business.

Up until mid-July the impact of claims expenses from large and very large losses on our reinsurance result had been well below the long-term average. July and August then saw a succession of bad weather events with severe precipitation and some large-scale flooding in central Europe and Asia. As the insurance density for flood risks is relatively low, however, the financial impact of these events on the insurance industry will be manageable despite the substantial economic losses they inflicted. Nevertheless, since some of our most important clients have a strong market position in the affected regions of Germany, the Czech Republic, Austria and Italy, we expect our reinsurance claims payments for these floods to total over €400m.

The combined ratio for the third quarter was 114.1%. Natural catastrophe claims, including those from the floods, accounted for 11.3 (2.5) percentage points.

For the period since 1st January 2002 the combined ratio is 127.3% (133.9%). It is significantly influenced by the additional allocations made in the second quarter to the reserves for US business and for claims from the terrorist attacks of 11th September. In relation to net premium, the latter alone contributed 21.6 percentage points to the combined ratio in the first three quarters. The claims burden from natural catastrophes including the floods was responsible for another 3.5 percentage points, so that other claims and costs amounted to 102.2% of the net premium earned thus far. This is an improvement of 2.4 percentage points over the 104.6% arrived at by comparable calculations for the first nine months of 2001. This analysis of the main factors that have a bearing on the underwriting result in reinsurance therefore illustrates how much progress we have made in our basic business.

Our reinsurers' investment result was characterized in the first and second quarter by the gains from shareholding transactions with Allianz and in the second and third quarter by the expenditure for writedowns on securities.

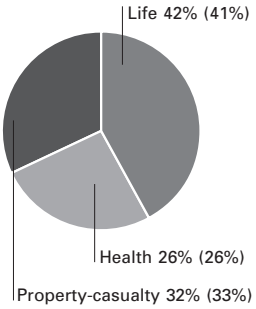
The result of our Group's reinsurance business before amortization of goodwill totalled –€553m (–2,124m) in the third quarter and €3,729m (–642m) in the first nine months. The reinsurers thus contributed –€229m (–1,183m) to the third quarter result after tax and €4,673m (25m) to the result of the first three quarters.

PRIMARY INSURANCE

- **Strong premium growth**
- **Surge in new business, supported by HypoVereinsbank**
- **Investment result characterized by high realized capital gains and writedowns on securities**

The primary insurers in the Munich Re Group – especially the companies in the ERGO Insurance Group – continued to grow at a good pace in the third quarter of 2002. Premiums increased by 3.9% to €3.8bn (3.7bn). Since the beginning of the year our primary insurers have recorded a premium income of €12.2bn (11.5bn), which amounts to 5.8% growth.

Gross premiums by class of insurance



This dynamic development was primarily driven by life insurance, where total premium income in the third quarter rose by 1.9% to €1.7bn (1.7bn). In the year so far we have achieved a sizeable increase in premium of 5.7% to €5.1bn (4.9bn). The strong growth of new German business reflects our life insurers' good market position in the field of private provision for old age and company pension schemes. The exclusive partnership with HypoVereinsbank is developing clearly better than planned.

Premiums in health insurance grew in the third quarter by 6.2% to €1.0bn (1.0bn). In the first nine months premiums rose to €3.2bn (3.0bn), representing 5.4% more than in the same period last year. This growth was partly ascribable to the political debate in Germany on social insurance and moves made by clients in anticipation of a possible increase in the earnings ceiling for compulsory public health insurance. In the course of the year, we succeeded in winning 59,000 new clients for comprehensive health insurance.

In property-casualty insurance, premium in the third quarter was up by 4.7% to €1.1bn (1.0bn). From January to September premiums totalled €3.9bn (3.6bn), equivalent to an increase of 5.9% over the same period last year. Not only was there expansion in our target segment of personal lines business but, as a result of remedial measures taken, commercial property insurance also contributed to the positive premium development.

Claims expenditure from the floods in Germany and central Europe affected our primary insurers in the lower double-digit million euro range. As this was followed by more bad weather claims, however, our property-casualty insurers' combined ratio in the first nine months of the period under review climbed to 102.0% (96.4%).

The robust growth in new business impressively underlines our primary insurers' sales strength and confirms the importance of a multiple-channel distribution strategy. The partnership between ERGO and HypoVereinsbank is making great strides, with the number of insurance policies sold via banks in the first nine months of 2002 noticeably higher than anticipated. The joint-venture company KarstadtQuelle Finanz Service, formed by ERGO and KarstadtQuelle in the first half of 2002, is also performing well. In the second half of the year the first financial service centres opened in department stores belonging to Karstadt Warenhaus AG in various German cities.

The generally favourable performance of underwriting business in insurance contrasted with the extremely negative trend on the capital markets, particularly in the third quarter of 2002. As a consequence, our primary insurers' results have been severely affected by the requisite writedowns on equity portfolios.

The primary insurance result before amortization of goodwill totalled –€652m (66m) for the third quarter and –€537m (411m) for the first nine months. The primary insurers' contribution to the third quarter result after tax was –€629m (–€32m) and –€676m (72m) for the period from January to September.

Primary insurance		**Q1–3 2002**	**Q1–3 2001**	**Q3 2002**	**Q3 2001**
Gross premiums	€bn	12.2	11.5	3.8	3.7
Result before amortization of goodwill	€m	–537	411	–652	66

		30.6.2002	**31.12.2001**
Investments	€bn	103.1	103.6
Net underwriting provisions	€bn	87.6	87.4

ASSET MANAGEMENT

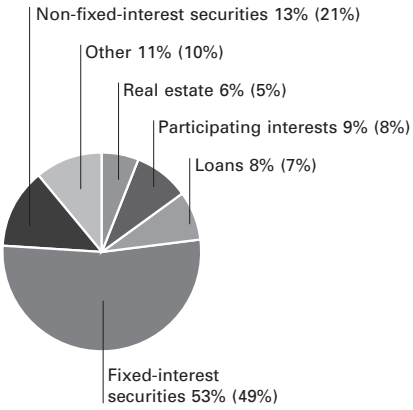
- **Dramatic decline in share prices on the international stock markets**
- **Interest rates continue to drop**
- **High realized capital gains and large writedowns on securities**

The unexpectedly weak economy, disappointing news from companies and the unstable international political situation caused the stock markets to slump in the third quarter of 2002. Declining by approx. 35%, the German DAX share index suffered its highest quarterly loss in history. Other European stock exchanges and the American equity market also experienced steep falls.

By contrast, government bonds rose in price, benefiting from the marked reduction in investors' willingness to take risks. The average yield for fixed-interest government bonds in Euroland dipped to around 4%. Only during the crisis in Asia have yields fallen any lower in recent decades. At under 3.7%, the yields on ten-year US government bonds have also hit all-time lows.

Our investment portfolio did not escape the effects of the downturn on the worldwide stock markets. In particular, our investments in insurance and bank stocks suffered substantial losses in market value. Since the beginning of the year, the Dow Jones Global Market insurance index has fallen by nearly 40%, the third quarter alone accounting for more than 27%. The corresponding bank index suffered losses of 21.5% and 17.6%, respectively.

Investment mix



We have therefore made further writedowns. The effects of these, however, were cushioned by our high proportion of investments in fixed-interest securities and real estate, which performed well.

The investment result in the first nine months was significantly influenced by capital gains totalling €4.7bn from the disposal of shares in Allianz AG, Allianz Leben, Frankfurter Versicherung and Bayerische Versicherungsbank, which we reported in the first half of the year. On the other hand, however, the result was impacted by expenditure for writedowns on securities to the tune of €4.3bn, of which €2.7bn was incurred in the third quarter. The overall investment result shows a loss of €1.6bn for the third quarter and a profit of €7.4bn in the first nine months.

Prospects

There are various reasons why the quarterly results of insurance companies, including Munich Re, are not a completely reliable indicator for the results of the business year as a whole. Losses from natural catastrophes and other major losses have a disproportionate impact on the result of the reporting period in which they randomly and unforeseeably occur. Late-reported claims for major loss events can also lead to substantial fluctuations in individual quarterly results. Furthermore, gains and losses on the disposal of investments and writedowns on investments do not follow a regular pattern.

- **Continuing uncertainty on the capital markets**
- **Low consolidated profit expected in 2002**
- **Further improvements in insurance business in 2003**

GROWTH IN 2002

For the whole business year 2002 we expect Group premium income to rise by about 10% to around €40bn (36.1bn).

In our reinsurance segment, we anticipate a total increase in gross premiums to €25bn (22.2bn) in 2002, which is 13% more than last year. Growth is likely to reach approximately 15% in property-casualty reinsurance and around 9% in life and health reinsurance.

About 82% of our primary insurance business stems from Germany. In view of the extremely difficult economic environment, premium income in the German market will probably not increase by more than 4%, the main growth drivers being insurances of the person. In our primary insurance segment, we expect a total gross premium from domestic and foreign business of €17bn (15.7bn), or 6% more than last year, with overall growth of around 7% in life insurance, about 5% in health insurance and 6% in property-casualty insurance. These figures include €550m in premium income resulting from our acquisition of Quelle Versicherungen in the first half of 2002.

With growth in reinsurance stronger than in primary insurance, our reinsurers' contribution towards the Group's total premium is expected to expand to around 58% (57%), with primary insurers accounting for 42% (43%).

RESULT IN 2002

In October severe storms again swept over East Asia, the Caribbean, western and central Europe and other regions, causing substantial damage. All in all, the impact of these natural catastrophes on our fourth-quarter results will be in the lower three-digit million euro range.

Despite the succession of bad weather events and natural catastrophes that have occurred since the beginning of the third quarter and several other large losses, the performance of property-casualty reinsurance in 2002 has been very satisfactory to date. Primary insurance, by contrast, has suffered more heavily from randomly high claims costs.

In the overall analysis of 2002 the generally pleasing results achieved by our active underwriting and investment business will be masked by numerous exceptional effects. On the one hand, the transactions prepared in 2000 and 2001 to restructure the shareholdings between Munich Re and Allianz were completed as scheduled in the first half of 2002, generating a profit of €4.7bn. On the other hand, this positive effect was partially cancelled out by the burdens for additional allocations to reserves for our US business and the WTC loss in the order of €1.8bn. Furthermore, we must contend with third-quarter writedowns on our securities portfolios of €4.3bn, which will impact our consolidated result with an amount of €2.0bn.

Given the uncertain economic and political situation, we take a cautious view of developments on the stock markets. In addition to the capital losses already realized, there will probably be a need for further substantial writedowns by the end of the year. Since large price swings are still occurring, however, we cannot yet make any reliable statements as to how high these writedowns will be.

Additional burdens arising from the results of our associated companies Allianz and HVB, both of which recently posted high quarterly losses, must be taken into account proportionally.

Even if no further large claims occur in the remaining weeks of the current year, the consolidated profit for 2002 will be decidedly lower than the result of the first nine months of the reporting period, despite the noticeably improved performance of our underwriting business. Nevertheless, we expect to make a net profit that will allow us to strengthen our reserves and to propose payment of an unchanged dividend of €1.25 per share at our AGM on 11th June 2003.

PERSPECTIVES FOR 2003

For next year, the biggest imponderables continue to be capital market performance and economic development, with its effects on the demand for insurance and reinsurance products. However, the stock markets should have bottomed out and be on their way back to more realistic levels.

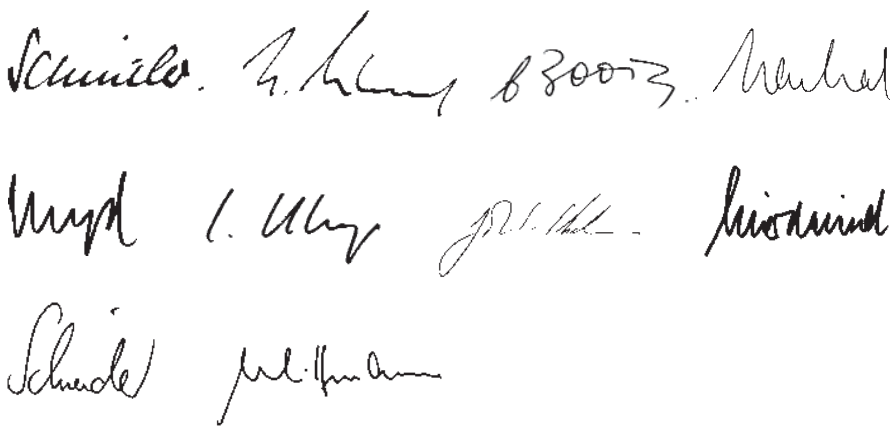
Given the largely downward trend in growth expectations, we anticipate reduced premium growth on the major insurance markets. Health insurance in Germany may even stagnate if the contribution ceiling in statutory health insurance is raised as planned. Nevertheless, the need for greater private provision is still on the rise and should boost growth in life business in particular.

Further improvements in the terms and conditions of insurance and reinsurance will continue to have a positive effect on premium income. The development of claims in the past few months has shown that we will have to reckon with ever greater risk potential both from natural hazards and from man-made disasters. We will take this trend into account in our treaty wordings and pricing. Since insurers' investment income is deteriorating as well, it is urgently necessary from a commercial point of view to raise premiums further in classes of business that are not performing well. Moreover, policyholders' bonuses in life insurance should be adjusted to reflect the lower market interest rates. The terrorist attacks and capital market crisis have deprived the international insurance industry of some of its equity. As a consequence, a significant amount of capacity has been lost. Even old and established competitors are beginning to withdraw from significant market segments. This has led to heightened awareness and growing acceptance amongst clients that further adjustments are an economic necessity. We are thus confident that we will achieve our goal to reduce the combined ratio in insurance and reinsurance even further than the level we expect for the 2002 accident year.

Such a development would have a positive bearing on the consolidated result in 2003, but of course it is still too early to give a reliable forecast.

Munich, November 2002

The Board of Management



Consolidated balance sheet as at 30th September 2002

ASSETS	€m	€m	€m	31.12.2001 €m	Change €m	Change %
A. Intangible assets						
I. Goodwill		4,601		4,419	182	4.1
II. Other intangible assets		1,357		1,103	254	23.0
			5,958	5,522	436	7.9
B. Investments						
I. Real estate		9,870		9,044	826	9.1
II. Investments in affiliated enterprises and associated enterprises		14,035		12,558	1,477	11.8
III. Loans		12,668		11,182	1,486	13.3
IV. Other securities						
1. Held to maturity	883			980	–97	–9.9
2. Available for sale	104,622			111,251	–6,629	–6.0
3. Held for trading	445			412	33	8.0
		105,950		112,643	–6,693	–5.9
V. Other investments						
1. Deposits retained on assumed reinsurance	13,175			12,800	375	2.9
2. Miscellaneous	3,402			3,101	301	9.7
		16,577		15,901	676	4.3
			159,100	161,328	–2,228	–1.4
C. Investments for the benefit of life insurance policyholders who bear the investment risk			659	666	–7	–1.1
D. Ceded share of underwriting provisions			11,014	11,994	–980	–8.2
E. Receivables			10,915	9,713	1,202	12.4
F. Cash with banks, cheques and cash in hand			2,562	1,866	696	37.3
G. Deferred acquisition costs			7,526	7,286	240	3.3
H. Deferred tax			4,056	2,320	1,736	74.8
I. Other assets			1,112	1,359	–247	–18.2
Total assets			202,902	202,054	848	0.4

EQUITY AND LIABILITIES	€m	€m	31.12.2001 €m	Change €m	Change %
A. Shareholders' equity					
I. Issued capital and capital reserve	3,447		3,167	280	8.8
II. Revenue reserves	10,016		11,522	–1,506	–13.1
III. Other reserves	–57		4,418	–4,475	–101.3
IV. Consolidated profit	3,239		250	2,989	–
		16,645	19,357	–2,712	–14.0
B. Minority interests		517	990	–473	–47.8
C. Gross underwriting provisions					
I. Unearned premiums	6,611		5,812	799	13.7
II. Provision for future policy benefits	94,798		89,016	5,782	6.5
III. Provision for outstanding claims	44,032		39,511	4,521	11.4
IV. Other underwriting provisions	8,210		15,642	–7,432	–47.5
		153,651	149,981	3,670	2.4
D. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders		648	655	–7	–1.1
E. Other accrued liabilities		2,856	2,730	126	4.6
F. Liabilities					
I. Notes and debentures	2,203		2,474	–271	–11.0
II. Other liabilites	21,534		22,187	–653	–2.9
		23,737	24,661	–924	–3.7
G. Deferred tax liabilities		4,665	3,541	1,124	31.7
H. Other deferred items		183	139	44	31.7
Total equity and liabilities		202,902	202,054	848	0.4

Consolidated income statement for the period 1st January to 30th September 2002

	Q1–3 2002	Q1–3 2001	Change	
ITEMS	**€m**	**€m**	**€m**	**%**
1. Gross premiums written	29,611	25,826	3,785	14.7
2. Net earned premiums	26,459	22,825	3,634	15.9
3. Investment result	7,407	7,717	–310	–4.0
4. Other income	1,026	645	381	59.1
Total income (2–4)	34,892	31,187	3,705	11.9
5. Net expenses for claims and benefits	24,443	24,919	–476	–1.9
6. Net operating expenses	6,416	5,691	725	12.7
7. Other expenses	1,587	824	763	92.6
Total expenses (5–7)	32,446	31,434	1,012	3.2
8. Result before amortization of goodwill	**2,446**	**–247**	**2,693**	**–**
9. Amortization of goodwill	245	178	67	37.6
10. Operating result before tax	2,201	–425	2,626	617.9
11. Tax	–989	–576	–413	–71.7
12. Minority interests in earnings	–49	66	–115	–174.2
13. Net profit	**3,239**	**85**	**3,154**	**–**

	Q1–3 2002	Q1–3 2001	Change	
	€	**€**	**€**	**%**
Earnings per share	18.25	0.48	17.77	–

Consolidated income statement for the period 1st July to 30th September 2002

	Q3 2002	Q3 2001	Change	
ITEMS	**€m**	**€m**	**€m**	**%**
1. Gross premiums written	9,163	8,771	392	4.5
2. Net earned premiums	8,633	7,715	918	11.9
3. Investment result	–1,567	2,404	–3,971	–165.2
4. Other income	156	186	–30	–16.1
Total income (2–4)	7,222	10,305	–3,083	–29.9
5. Net expenses for claims and benefits	5,826	10,332	–4,506	–43.6
6. Net operating expenses	2,146	1,739	407	23.4
7. Other expenses	454	300	154	51.3
Total expenses (5–7)	8,426	12,371	–3,945	–31.9
8. Result before amortization of goodwill	**–1,204**	**–2,066**	**862**	**41.7**
9. Amortization of goodwill	81	81	–	–
10. Operating result before tax	–1,285	–2,147	862	40.1
11. Tax	–374	–918	544	59.3
12. Minority interests in earnings	–52	–16	–36	–225.0
13. Net profit	**–859**	**–1,213**	**354**	**29.2**

	Q3 2002	Q3 2001	Change	
	€	**€**	**€**	**%**
Earnings per share	–4.82	–6.86	2.04	29.7

Consolidated income statement quarterly breakdown

ITEMS	Q3 2002 €m	Q2 2002 €m	Q1 2002 €m	Q4 2001 €m	Q3 2001 €m	Q2 2001 €m	Q1 2001 €m
1. Gross premiums written	9,163	9,707	10,741	10,297	8,771	8,141	8,914
2. Net earned premiums	8,633	9,070	8,756	8,855	7,715	7,496	7,614
3. Investment result	–1,567	2,047	6,927	2,703	2,404	2,533	2,780
4. Other income	156	652	218	247	186	240	219
Total income (2–4)	7,222	11,769	15,901	11,805	10,305	10,269	10,613
5. Net expenses for claims and benefits	5,826	10,192	8,425	9,243	10,332	7,370	7,217
6. Net operating expenses	2,146	2,120	2,150	2,067	1,739	1,939	2,013
7. Other expenses	454	688	445	663	300	136	388
Total expenses (5–7)	8,426	13,000	11,020	11,973	12,371	9,445	9,618
8. Result before amortization of goodwill	**–1,204**	**–1,231**	**4,881**	**–168**	**–2,066**	**824**	**995**
9. Amortization of goodwill	81	90	74	52	81	55	42
10. Operating result before tax	–1,285	–1,321	4,807	–220	–2,147	769	953
11. Tax	–374	–930	315	–464	–918	210	132
12. Minority interests in earnings	–52	–8	11	79	–16	66	16
13. Net profit	**–859**	**–383**	**4,481**	**165**	**–1,213**	**493**	**805**

	Q3 2002 €	Q2 2002 €	Q1 2002 €	Q4 2001 €	Q3 2001 €	Q2 2001 €	Q1 2001 €
Earnings per share	–4.82	–2.16	25.35	0.94	–6.86	2.79	4.55
Earnings per share, diluted	–	–	25.24	0.93	–6.83	2.77	4.53

Consolidated cash flow statement for the period 1st January to 30th September 2002

	Q1–3 2002 €m	Q1–3 2001 €m
Net profit, including minority interests in earnings	**3,190**	**151**
Net change in underwriting provisions	6,085	3,507
Change in deferred acquisition costs	–234	–472
Change in deposits retained and accounts receivable and payable	–895	1,336
Change in other receivables and liabilities	–3,298	1,173
Gains and losses on the disposal of investments	–5,647	–976
Change in securities held for trading	–27	–173
Change in other balance sheet items	613	327
Other income/expenses without impact on cash flow	1,250	–107
I. Cash flows from operating activities	**1,037**	**4,766**
Change from the acquisition and sale of consolidated enterprises	–498	–192
Change from the acquisition, sale and maturities of other investments	171	–5,885
Change from the acquisition and sale of investments for unit-linked life insurance	–66	–97
Other	–616	–312
II. Cash flows from investing activities	**–1,009**	**–6,486**
Inflows from increases in capital	280	–
Dividend payments	–230	–259
Change from other financing activities	626	1,459
III. Cash flows from financing activities	**676**	**1,200**
Cash flows for the reporting period (I+II+III)	**704**	**–520**
Effects of exchange rate changes on cash	–8	–3
Cash at the beginning of the business year	1,866	2,273
Cash at the end of the reporting period	2,562	1,750
Additional information		
Tax on earnings (net)	46	–6
Interest paid	195	194

Segment reporting

ASSETS	Reinsurance			
	Life and health		Property-casualty	
	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
A. Intangible assets	228	233	1,816	2,098
B. Investments				
I. Real estate	925	989	1,377	1,260
II. Investments in affiliated enterprises and associated enterprises	5,841	6,583	7,799	7,181
III. Loans	73	77	81	61
IV. Other securities				
1. Held to maturity	–	–	–	–
2. Available for sale	10,880	12,384	24,115	23,786
3. Held for trading	24	48	123	166
	10,904	12,432	24,238	23,952
V. Other investments	8,075	8,199	11,699	10,227
	25,818	28,280	45,194	42,681
C. Investments for the benefit of life insurance policyholders who bear the investment risk	–	–	–	–
D. Ceded share of underwriting provisions	1,957	2,308	5,821	7,070
E. Other segment assets	4,623	3,977	10,603	7,987
Total segment assets	**32,626**	**34,798**	**63,434**	**59,836**

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
2,536	2,072	1,353	1,095	26	25	–1	–1	5,958	5,522
6,795	6,039	746	724	–	–	27	32	9,870	9,044
5,708	2,585	3,091	2,869	90	97	–8,494	–6,757	14,035	12,558
12,642	12,016	587	494	434	481	–1,149	–1,947	12,668	11,182
843	935	40	45	–	–	–	–	883	980
64,139	68,824	5,430	6,242	58	15	–	–	104,622	111,251
173	123	112	62	13	13	–	–	445	412
65,155	69,882	5,582	6,349	71	28	–	–	105,950	112,643
1,957	1,597	220	392	128	336	–5,502	–4,850	16,577	15,901
92,257	92,119	10,226	10,828	723	942	–15,118	–13,522	159,100	161,328
659	666	–	–	–	–	–	–	659	666
7,857	7,393	1,765	1,550	–	–	–6,386	–6,327	11,014	11,994
9,284	9,452	2,881	2,670	375	156	–1,595	–1,698	26,171	22,544
112,593	**111,702**	**16,225**	**16,143**	**1,124**	**1,123**	**–23,100**	**–21,548**	**202,902**	**202,054**

Segment reporting

EQUITY AND LIABILITIES	Reinsurance			
	Life and health		Property-casualty	
	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
A. Gross underwriting provisions				
I. Unearned premiums	132	125	5,351	4,793
II. Provision for future policy benefits	17,691	17,300	635	738
III. Provision for outstanding claims	2,777	2,765	36,543	32,695
IV. Other underwriting provisions	151	48	213	1,671
	20,751	20,238	42,742	39,897
B. Gross underwriting provisions for life insurance policies where the investment risk is borne by the policyholders	–	–	–	–
C. Other accrued liabilities	376	316	972	795
D. Other segment liabilities	3,694	4,364	10,975	12,180
Total segment liabilities	**24,821**	**24,918**	**54,689**	**52,872**

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
112	82	1,283	975	–	–	–267	–163	6,611	5,812
81,503	75,790	84	65	–	–	–5,115	–4,877	94,798	89,016
1,258	1,228	4,362	4,096	–	–	–908	–1,273	44,032	39,511
7,865	13,331	113	125	–	–	–132	467	8,210	15,642
90,738	90,431	5,842	5,261	–	–	–6,422	–5,846	153,651	149,981
641	647	–	–	–	–	7	8	648	655
575	585	903	1,004	48	48	–18	–18	2,856	2,730
16,599	15,145	4,808	4,280	827	798	–8,318	–8,426	28,585	28,341
108,553	**106,808**	**11,553**	**10,545**	**875**	**846**	**–14,751**	**–14,282**	**185,740**	**181,707**
						Shareholders' equity*		**17,162**	**20,347**
						Total equity and liabilities		**202,902**	**202,054**

* Group shareholders' equity and minority interests

Segment reporting

INCOME STATEMENT 1.1–30.9.2002	Reinsurance			
	Life and health		Property-casualty	
	Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m
1. Gross premiums written	4,740	4,576	14,367	10,946
Thereof:				
– From insurance transactions with other segments	827	508	840	704
– From insurance transactions with external third parties	3,913	4,068	13,527	10,242
2. Net earned premiums	4,328	4,162	12,063	9,135
3. Investment result	1,887	1,535	5,890	1,984
Thereof:				
– Income from associated enterprises	1,097	539	4,689	587
4. Other income	147	106	398	264
Total income (2–4)	6,362	5,803	18,351	11,383
5. Net expenses for claims and benefits	3,473	3,885	12,362	9,712
6. Net operating expenses	1,153	1,101	3,193	2,743
7. Other expenses	186	90	617	297
Total expenses (5–7)	4,812	5,076	16,172	12,752
8. Result before amortization of goodwill	**1,550**	**727**	**2,179**	**–1,369**
9. Amortization of goodwill	1	2	99	102
10. Operating result before tax	1,549	725	2,080	–1,471
11. Tax	102	–195	–1,142	–579
12. Minority interests in earnings	–1	–	–3	3
13. Net profit	**1,448**	**920**	**3,225**	**–895**

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m
8,331	7,877	3,854	3,639	–	–	–1,681	–1,212	29,611	25,826
14	–	–	–	–	–	–1,681	–1,212	–	–
8,317	7,877	3,854	3,639	–	–	–	–	29,611	25,826
7,537	7,108	2,533	2,420	–	–	–2	–	26,459	22,825
657	4,041	–131	392	21	34	–917	–269	7,407	7,717
654	50	16	43	11	21	–	–	6,467	1,240
486	473	601	404	160	90	–766	–692	1,026	645
8,680	11,622	3,003	3,216	181	124	–1,685	–961	34,892	31,187
7,014	9,736	1,682	1,575	–	–	–88	11	24,443	24,919
1,152	977	922	847	–	–	–4	23	6,416	5,691
658	696	792	596	140	91	–806	–946	1,587	824
8,824	11,409	3,396	3,018	140	91	–898	–912	32,446	31,434
–144	**213**	**–393**	**198**	**41**	**33**	**–787**	**–49**	**2,446**	**–247**
69	40	75	34	1	–	–	–	245	178
–213	173	–468	164	40	33	–787	–49	2,201	–425
77	84	–40	106	14	9	–	–1	–989	–576
–17	35	–25	40	–	5	–3	–17	–49	66
–273	**54**	**–403**	**18**	**26**	**19**	**–784**	**–31**	**3,239**	**85**

Segment reporting

INCOME STATEMENT 1.7–30.9.2002	Reinsurance			
	Life and health		Property-casualty	
	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m
1. Gross premiums written	1,381	1,511	4,570	3,908
Thereof:				
– From insurance transactions with other segments	432	117	168	203
– From insurance transactions with external third parties	949	1,394	4,402	3,705
2. Net earned premiums	1,394	1,370	3,743	3,088
3. Investment result	42	412	319	494
Thereof:				
– Income from associated enterprises	17	21	415	–68
4. Other income	15	39	44	85
Total income (2–4)	1,451	1,821	4,106	3,667
5. Net expenses for claims and benefits	1,188	1,408	3,320	4,838
6. Net operating expenses	407	312	973	945
7. Other expenses	51	20	171	89
Total expenses (5–7)	1,646	1,740	4,464	5,872
8. Result before amortization of goodwill	**–195**	**81**	**–358**	**–2,205**
9. Amortization of goodwill	–	–	31	35
10. Operating result before tax	–195	81	–389	–2,240
11. Tax	–55	–262	–297	–714
12. Minority interests in earnings	–1	–	–2	–
13. Net profit	**–139**	**343**	**–90**	**–1,526**

Primary insurance				Asset management		Consolidation		Total	
Life and health		Property-casualty							
Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m
2,738	2,642	1,078	1,030	–	–	–604	–320	9,163	8,771
4	–	–	–	–	–	–604	–320	–	–
2,734	2,642	1,078	1,030	–	–	–	–	9,163	8,771
2,615	2,413	891	842	–	–	–10	2	8,633	7,715
–1,655	1,529	–232	104	4	21	–45	–156	–1,567	2,404
–21	13	2	18	1	11	–	–	414	–5
148	133	180	129	50	35	–281	–235	156	186
1,108	4,075	839	1,075	54	56	–336	–389	7,222	10,305
739	3,506	622	570	–	–	–43	10	5,826	10,332
472	186	309	292	–	–	–15	4	2,146	1,739
180	326	277	204	48	40	–273	–379	454	300
1,391	4,018	1,208	1,066	48	40	–331	–365	8,426	12,371
–283	**57**	**–369**	**9**	**6**	**16**	**–5**	**–24**	**–1,204**	**–2,066**
23	38	26	22	1	–	–	–14	81	81
–306	19	–395	–13	5	16	–5	–10	–1,285	–2,147
23	31	–46	23	1	6	–	–2	–374	–918
–23	–4	–26	–12	–	1	–	–1	–52	–16
–306	**–8**	**–323**	**–24**	**4**	**9**	**–5**	**–7**	**–859**	**–1,213**

Segment reporting

INVESTMENTS*	Reinsurers		Primary insurers		Asset management		Total	
	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m	30.9.2002 €m	31.12.2001 €m
Europe	35,958	39,486	97,319	97,169	220	405	133,497	137,060
North America	21,153	19,378	1,547	2,199	60	64	22,760	21,641
Asia and Australasia	1,808	1,589	454	435	21	3	2,283	2,027
Africa, Near and Middle East	602	487	68	78	–	–	670	565
Latin America	468	621	73	72	8	8	549	701
Total	59,989	61,561	99,461	99,953	309	480	159,759	161,994

* After elimination of intra-Group transactions across segments.

GROSS PREMIUMS WRITTEN*

1.1–30.9.2002	Reinsurers		Primary insurers		Total	
	Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m	Q1–3 2002 €m	Q1–3 2001 €m
Europe	9,049	7,272	11,930	11,331	20,979	18,603
North America	6,036	4,956	155	123	6,191	5,079
Asia and Australasia	1,209	1,112	29	23	1,238	1,135
Africa, Near and Middle East	496	515	44	28	540	543
Latin America	650	456	13	10	663	466
Total	17,440	14,311	12,171	11,515	29,611	25,826

* After elimination of intra-Group reinsurance across segments.

1.7–30.9.2002	Reinsurers		Primary insurers		Total	
	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m	Q3 2002 €m	Q3 2001 €m
Europe	2,663	2,482	3,779	3,642	6,442	6,124
North America	1,899	1,747	17	17	1,916	1,764
Asia and Australasia	440	506	3	3	443	509
Africa, Near and Middle East	141	183	11	8	152	191
Latin America	208	182	2	1	210	183
Total	5,351	5,100	3,812	3,671	9,163	8,771

* After elimination of intra-Group reinsurance across segments.

Notes

Accounting and valuation policies
This quarterly report as at 30th September 2002 has been prepared in accordance with International Accounting Standards and their interpretation by the Standing Interpretations Committee (SIC).

The same accounting, valuation and consolidation principles have been applied as in our consolidated financial statements as at 31st December 2001.

Changes in the consolidated group
In May 2002 the ERGO Insurance Group acquired a majority holding of 72.5% in Quelle Versicherungen. In July 2002 the Munich Reinsurance Company increased its stake in the Karlsruher Group by 36.1 percentage points. Otherwise, there were no significant changes in the group of consolidated companies.

Foreign currency translation
Munich Re's reporting currency is the euro. The following table shows the exchange rates of the most important currencies for our business (exchange rate for €1 in each case):

	Balance sheet		Income statement	
	30.9.2002	31.12.2001	Q1–3 2002	Q1–3 2001
Australian dollar	1.81890	1.73040	1.72020	1.72530
Canadian dollar	1.56760	1.40800	1.45552	1.37689
Pound sterling	0.62850	0.60880	0.62628	0.62209
Rand	10.41610	10.55960	9.9893	7.23280
Swiss franc	1.45590	1.48030	1.46708	1.52269
US dollar	0.98830	0.88180	0.92717	0.89550
Yen	120.3100	115.6920	116.6490	108.074

Intangible assets

All figures in €m	30.9.2002	31.12.2001
I. Goodwill	4,601	4,419
II. Other intangible assets	1,357	1,103
– Software	315	180
– Purchased insurance portfolios	948	844
– Other	94	79
Total	5,958	5,522

Changes in shareholders' equity

All figures in €m	Issued capital	Capital reserve	Revenue reserves	Other reserves	Consolidated profit	Total shareholders' equity
Status at 31.12.2000	453	2,712	9,174	9,513	1,750	23,602
Changes in exchange rates	–	–	89	–23	–12	54
Allocation to revenue reserves	–	–	1,517	–	–1,517	–
Change in consolidated group	–	–	173	–	–	173
Change resulting from valuation at equity	–	–	424	–427	–	–3
Unrealized gains and losses on other investments	–	–	–	–4,071	–	–4,071
Consolidated net profit	–	–	–	–	85	85
Share buy-backs	–	–	–53	–	–	–53
Dividend payment	–	–	–	–	–221	–221
Other changes	–	–	38	–	–	38
Status at 30.9.2001	453	2,712	11,362	4,992	85	19,604
Status at 31.12.2001	453	2,714	11,522	4,418	250	19,357
Changes in exchange rates	–	–	–797	–6	–3	–806
Capital increase	4	276	–	–	–	280
Allocation to revenue reserves	–	–	26	–	–26	–
Change in consolidated group	–	–	–129	–9	–	–138
Change resulting from valuation at equity	–	–	–482	–1,171	–	–1,653
Unrealized gains and losses on other investments	–	–	–	–3,289	–	–3,289
Consolidated net profit	–	–	–	–	3,239	3,239
Share buy-backs	–	–	–91	–	–	–91
Dividend payment	–	–	–	–	–221	–221
Other changes	–	–	–33	–	–	–33
Status at 30.9.2002	457	2,990	10,016	–57	3,239	16,645

Minority interests

These are mainly minority interests in the ERGO Insurance Group.

All figures in €m	30.9.2002	31.12.2001
Unrealized gains and losses	–40	71
Consolidated profit	–49	145
Other equity components	606	774
Total	517	990

Notes and debentures

All figures in €m	30.9.2002	31.12.2001
American Re Capital, Delaware 8.5%, US$ 237.5m QUIPS 1995/2025 Rating: A+	–	269
American Re Corporation, Princeton 7.45%, US$ 500m Senior Notes 1996/2026 Rating: AA	504	565
ERGO International AG, Düsseldorf 2.25%, €345m Bonds Exchangeable into E.ON AG Shares 2001/2006 0.75%, €345m Bonds Exchangeable into Aventis AG Shares 2001/2006 Rating: AA+	602	581
Munich Reinsurance Company, Munich 1.0%, €1,150m Bonds Exchangeable into Allianz AG Shares 2000/2005 Rating: AAA	1,097	1,059
Total	2,203	2,474

The QUIPS issued by American Re Capital Delaware were redeemed in February.

Investment result

1.1–30.9.2002	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001
Investment income												
Regular income	672	1,318	2,234	1,841	3,506	3,685	276	389	11	36	6,699	7,269
Income from write-ups	44	71	142	91	110	64	4	12	5	–	305	238
Gains on the disposal of investments	1,510	348	4,721	447	1,623	1,982	119	190	3	3	7,976	2,970
Other income	–	–	–	1	5	7	–	3	–	8	5	19
	2,226	1,737	7,097	2,380	5,244	5,738	399	594	19	47	14,985	10,496
Investment expenses												
Writedowns on investments	356	66	1,170	168	2,768	138	338	46	5	–	4,637	418
Losses on the disposal of investments	136	180	444	244	1,585	1,329	163	157	1	–	2,329	1,910
Other expenses	44	45	157	82	367	290	35	19	9	15	612	451
	536	291	1,771	494	4,720	1,757	536	222	15	15	7,578	2,779
Total	1,690	1,446	5,326	1,886	524	3,981	–137	372	4	32	7,407	7,717

* After elimination of intra-Group transactions across segments.

1.7–30.9.2002	Reinsurance				Primary insurance				Asset management		Total	
	Life and health		Property-casualty		Life and health		Property-casualty					
All figures in €m*	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001
Investment income												
Regular income	164	191	605	335	1,134	1,127	84	96	6	21	1,993	1,770
Income from write-ups	10	57	40	62	78	41	4	6	5	–	137	166
Gains on the disposal of investments	65	218	391	258	368	895	36	77	2	3	862	1,451
Other income	–	–	–	–	–	–	–	–	–	–	–	–
	239	466	1,036	655	1,580	2,063	124	179	13	24	2,992	3,387
Investment expenses												
Writedowns on investments	155	14	531	97	1,888	78	231	21	–	–	2,805	210
Losses on the disposal of investments	29	83	108	98	1,198	356	104	61	–	–	1,439	598
Other expenses	27	15	76	28	187	128	22	4	3	–	315	175
	211	112	715	223	3,273	562	357	86	3	–	4,559	983
Total	28	354	321	432	–1,693	1,501	–233	93	10	24	–1,567	2,404

* After elimination of intra-Group transactions across segments.

Net expenses for claims and benefits

1.1–30.9.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty			
All figures in €m*	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001
Gross	2,956	3,687	12,923	11,734	7,840	10,603	2,435	2,385	26,154	28,409
Ceded share	259	325	1,041	2,564	113	333	298	268	1,711	3,490
Net	2,697	3,362	11,882	9,170	7,727	10,270	2,137	2,117	24,443	24,919

* After elimination of intra-Group transactions across segments.

1.7–30.9.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty			
All figures in €m*	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001
Gross	801	1,146	3,441	6,465	1,180	3,954	892	861	6,314	12,426
Ceded share	46	66	195	1,879	30	112	217	37	488	2,094
Net	755	1,080	3,246	4,586	1,150	3,842	675	824	5,826	10,332

* After elimination of intra-Group transactions across segments.

Net operating expenses

1.1–30.9.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty			
All figures in €m*	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001	Q1–3 2002	Q1–3 2001
Gross	1,407	1,164	3,488	2,855	1,222	1,224	1,206	1,258	7,323	6,501
Ceded share	182	119	369	282	142	180	214	229	907	810
Net	1,225	1,045	3,119	2,573	1,080	1,044	992	1,029	6,416	5,691

* After elimination of intra-Group transactions across segments.

1.7–30.9.2002	Reinsurance				Primary insurance				Total	
	Life and health		Property-casualty		Life and health		Property-casualty			
All figures in €m*	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001	Q3 2002	Q3 2001
Gross	414	341	1,088	931	478	237	433	514	2,413	2,023
Ceded share	10	47	178	65	8	26	71	146	267	284
Net	404	294	910	866	470	211	362	368	2,146	1,739

* After elimination of intra-Group transactions across segments.

Number of staff

The number of staff employed by the Group as at 30th September 2002 totalled 29,641 (27,894) in Germany and 10,207 (10,423) in other countries.

	30.9.2002	31.12.2001
Reinsurance companies	5,803	5,872
Primary insurance companies	33,420	31,878
Asset management	625	567
Total	39,848	38,317

Contingent liabilities, other financial commitments

In comparison with the situation at 31st December 2001 there have been no material changes in financial commitments of significance for the assessment of the Group's financial position. No contingent liabilities have been entered into for the benefit of Board members.

Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the reporting period by the weighted average number of shares.

New shares created by the exercise of warrants are included pro rata temporis from the respective date of delivery.

The exercise period for the warrants 1998/2002 expired on 3rd June 2002. Thus at the reporting date there were no more potential shares in circulation that would have a diluting effect.

		Q1–3 2002	Q1–3 2001	Q3 2002	Q3 2001
Net income	€m	3,239	85	–859	–1,213
Weighted average number of shares		177,479,630	176,856,945	178,358,286	176,791,879
Earnings per share	€	18.25	0.48	–4.82	–6.86

Important dates

Provisional figures for consolidated financial statements 2002	27th March 2003
Balance sheet meeting of Supervisory Board	28th April 2003
Balance sheet press conference	30th April 2003
Analysts' conference	30th April 2003
Interim report as at 31st March 2003	2nd June 2003
Annual General Meeting	11th June 2003
Dividend payment	12th June 2003
Interim report as at 30th June 2003	28th August 2003
Half-year press conference	28th August 2003
Interim report as at 30th September 2003	1st December 2003

The official German original of this quarterly report is also available from the company. In addition, you will find copies of our annual reports and interim reports, along with further current information about Munich Re and its shares, on our Internet website (http://www.munichre.com).

Service for investors and analysts
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Münchener Rückversicherungs-Gesellschaft
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for the press

Munich, 27 March 2003

Munich Re key figures for 2002: Despite stock market slump, profit for the year nearly €1.1bn / Premium growth of almost 11% / Board of Management expects continuation of positive development in 2003

Group premium growth of 10.8% to €40bn driven by an upswing in reinsurance business; a quadrupled profit for the year of nearly €1.1bn; and earnings per share of €6.08 (previous year: €1.41) – these are the positive key figures for Munich Re's business year 2002, despite the stock market slump worldwide. Munich Re began the current year with appreciable successes in the renewal of its reinsurance treaties, and the Board of Management expects business to continue developing positively overall. Therefore payment of an unchanged dividend of €1.25 per share will be proposed at the Annual General Meeting (11 June 2003).

The persistently strong demand for high-quality reinsurance cover contrasts with a substantial reduction on the supply side in the last three years. Losses from investments in equities, burdens from the WTC loss, the reserve strengthening that has been necessary mostly in the US, and the withdrawal of a number of market players, have led to a decrease in capacity which has been far from offset by the influx of new capital. Munich Re intends to take advantage of this favourable situation to further strengthen its position as a much sought-after risk carrier worldwide. The issue of subordinated bonds, announced by Munich Re a week ago, serves this end and will achieve a significant increase in the Group's shareholders' equity, currently standing

at €14.5bn. With the planned hybrid capital, whose specific features mean it is recognised as equity capital by markets, supervisory authorities and rating agencies, Munich Re is targeting international investors in the market for corporate bonds.

"2002 even more difficult than 2001, but adverse factors fully compensated for"

In a telephone conference with the press, Dr. Jörg Schneider, member of the Munich Re's Board of Management, said: "2002 was even more difficult than 2001. The insurance industry was mainly hit in the area of investments and equity capital. Munich Re had to cope with substantial writedowns on securities totalling €5.7bn in its investment result. But in our income statement we were able to more than compensate for these writedowns and the appreciable burden from strengthening reserves for US losses. This was because before the stock market crash we had reduced individual shareholdings and thereby realised high capital gains." The details: In the first half of 2002, Munich Re added a total of €1.8bn (after tax) to its loss provisions for the terrorist attack of 11 September 2001 and for long-tail claims affecting its US subsidiary American Re. On the other hand, it realised a total profit of €4.7bn on the sale of long-term shareholdings in companies of the Allianz Group. (For further figures, please see table.)

Reinsurance: High organic growth, significantly reduced combined ratio

Apart from the acquisition of KarstadtQuelle Versicherungen, the increase in the Group's gross premium income was largely due to organic growth. Munich Re continues to favour such a form of expansion. This includes the Group's reinsurance segment, where its premium income rose by 14.6% to €25.4bn in 2002. In its result before amortisation of goodwill, the reinsurance group achieved a profit of €2.6bn, compared with a loss of €0.7bn in the previous year.

Despite the better situation as regards both premiums levels and terms of trade, the need for further improvements is underlined by the adjusted combined ratio of 106.5% (112.7%), which though considerably reduced is still not satisfactory. Dr. Nikolaus von Bomhard, member of Munich Re's Board of Management did not commit himself to a

forecast for the current year, but drew attention to the very pleasing improvements in prices and conditions at the beginning of 2003 from the reinsurer's point of view: "As things stand at present, it looks as if income from investments will not reach the level of the last few years. We have therefore geared our treaty renewals in non-life reinsurance to a combined ratio of under 100%. The prices and conditions we have achieved will significantly improve our profitability in operative business."

Natural catastrophes contributed a comparatively high 3.3 (1.5) percentage points to the adjusted loss ratio of 79.9% (82.1%). The main loss event for the Munich Re Group was the August flooding in Central and Eastern Europe, which cost it around €500m. This event provided renewed confirmation of the major impact of windstorm and flood losses on income statements in the insurance industry. In 2002 they were responsible for 99% (92%) of the insured natural catastrophe losses.

Primary insurers' growth exceeds market average; combined ratio falls to under 100%

Munich Re's primary insurance group, for many years one of the mainstays of growth and earnings, suffered like many other investors in 2002 from plummeting share prices. It achieved an above-average rise of 5.6% to €16.6bn in premium income, but this segment suffered a dramatic fall in its investment results, ultimately closing the business year with a loss of €0.7bn before amortisation of goodwill, compared with a profit of €0.6bn in the previous year. A gratifying feature was the combined ratio in property-casualty insurance, which improved to 99.1% (101.4%) despite the burdens from natural catastrophes. This improvement was due mainly to a lower loss ratio of 62.7% (64.9%) but also to a slightly more favourable expense ratio of 36.4% (36.5%). The ERGO companies are currently carrying out a programme of systematic efficiency enhancement, from which they expect annual savings in the order of €300m as from 2005.

The multi-channel strategy of the ERGO companies – with a powerful sales organisation of its own, insurance brokers and now direct selling via KarstadtQuelle Versicherungen – is proving a reliable growth-driver in primary insurance. The

exclusive partnership with HypoVereinsbank resulted in a total of 150,000 insurance policies being arranged through the bank in the year under review, with an annual policy premium of nearly €300m that significantly exceeded planning figures.

Big increase in the number of shareholders

Despite the weakness of the economy and the negative stock market trend, the number of Munich Re shareholders increased in the past year by around 38% to 122,000, even with the share price falling. In March 2003, more than 130,000 shareholders were entered in Munich Re's shareholders' register. The proposed reduction of Munich Re's and Allianz's reciprocal shareholdings to around 15%, announced on 20 March 2003, will increase Munich Re's free float (currently around 63.5%) by about seven percentage points to a good 70%.

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Munich Re's balance sheet conference will take place as announced at 10.30 a.m. on 30 April 2003.

Munich, 27 March 2003

Münchener Rückversicherungs-Gesellschaft

signed Dr. Schneider signed Küppers

Munich Re Group: Provisional figures for 2002

	Business year 2002	**Business year 2001**	Change in %
Gross premiums	€40.0bn	€36.1bn	10.8%
Reinsurance group:			
Total gross premiums	€25.4bn	€22.2bn	14.6%
Life and health	€6.5bn	€5.9bn	11.2%
Property-casualty	€18.9bn	€16.3bn	15.9%
Combined ratio	122.4 %	135.1%	
American Re reserve strengthening	12.7%	7.0%	
WTC	3.2%	15.4%	
Excluding these factors	106.5%	112.7%	
Thereof natural catastrophes	3.3%	1.5%	
Result before amortisation of goodwill (reinsurance)	€2.6bn	-€0.7bn	
Primary insurance group			
Total gross premiums	€16.6bn	€15.7bn	5.6%
Life and health	€11.8bn	€11.1bn	5.7%
Property-casualty	€4.8bn	€4.6bn	5.4%
Result before amortisation of goodwill (primary insurance)	-€0.7m	€0.6bn	
Investments			
Investments	€156.3bn	€162.0bn	-3.5%
Result:	€5.6bn	€10.4bn	-46.2%
Thereof net realised capital gains	€5.0bn	€1.8bn	184.1%
Thereof writedowns	€6.3bn	€0.6bn	>1,000%
Shareholders' equity, including minority interests	€14.5bn	€20.3bn	-28.8%

Profit for the year	€1.1bn	€0.25bn	332.4%
Earnings per share	€6.08	€1.41	331.2%
Dividend per share (Proposal)	€1.25	€1.25	Unchanged

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