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THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to review this Prospectus or make an investment decision with respect to the securities described herein, investors must not be a US Person (as defined in Regulation S under the Securities Act). You have been sent the attached Prospectus on the basis that you have confirmed to Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., UBS Limited, Citigroup Global Markets Limited, Goldman Sachs International and Merrill Lynch International, being the senders of the attached, (i) that you and any customers that you represent are not US Persons, (ii) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) that you consent to delivery by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., UBS Limited, Citigroup Global Markets Limited, Goldman Sachs International and Merrill Lynch International, or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd., UBS Limited, Citigroup Global Markets Limited, Goldman Sachs International and Merrill Lynch International.



Münchener Rück
Munich Re Group

Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

a stock corporation under the laws of Germany

€1,500,000,000

5.767 per cent. Undated Subordinated Fixed to Floating Rate
Bonds

Issue price: 100 per cent.

The Undated Subordinated Fixed to Floating Rate Bonds (the *Bonds*) of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (the *Issuer*, and together with its consolidated subsidiaries, the *Munich Re Group*) will bear interest from and including 12 June 2007 to but excluding 12 June 2017 at a rate of 5.767 per cent. per annum payable annually in arrears on 12 June of each year commencing on 12 June 2008. Unless previously redeemed in accordance with § 5 of the Conditions of Issue, from and including 12 June 2017 interest on the Bonds will be payable, at a rate equal to EURIBOR for three-month Euro deposits plus 1.04 per cent. p.a. and a step-up of 1.00 percentage point, quarterly in arrears on 12 March, 12 June, 12 September and 12 December of each year. Under certain circumstances described in § 4(4) and (5) of the Conditions of Issue, interest payments on the Bonds may be deferred.

The Bonds will have no final maturity date.

The Bonds will be governed by the laws of Germany.

See “Risk Factors” for a discussion of certain factors that should be considered by prospective investors.

This Prospectus has been approved on 11 June 2007 by the *Commission de Surveillance du Secteur Financier (CSSF)* of the Grand-Duchy of Luxembourg in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) which implements Directive 2003/71/EC (the *Prospectus Directive*). This Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). It will also be available free of charge upon request at the specified office of the Luxembourg Paying Agent.

Application has been made to list the Bonds on the official list of the Luxembourg Stock Exchange and to trade on the Regulated Market of the Luxembourg Stock Exchange. The Bonds will initially be represented by a temporary global Bond without interest coupons which will be deposited with a common depository for Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V., as operator of the Euroclear System (together, the *Clearing Systems*) on 12 June 2007 and which will be exchangeable for a permanent global Bond without interest coupons not earlier than 40 days following 12 June 2007, on presentation of a certificate of non U.S. beneficial ownership. No definitive bonds or interest coupons will be issued.

The date of this prospectus (the *Prospectus*) is 11 June 2007. This Prospectus constitutes a “prospectus” pursuant to, and is in compliance with the requirements of, the Prospectus Directive.

Joint Lead Managers and Joint Bookrunners

Deutsche Bank

JPMorgan

UBS Investment Bank
(Structuring Advisor)

Co-Managers

Citi

Goldman Sachs International

Merrill Lynch International

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

No representation or warranty is made or implied by the Managers or any of their respective affiliates, and neither the Managers nor any of their respective affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in this Prospectus.

This Prospectus should be read and construed together with any supplement(s) thereto and with any documents incorporated by reference.

No person is authorised to give any information or to make any representations other than those contained in this Prospectus, 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 Managers. Neither the delivery of this Prospectus 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 any of its affiliates since the date of this Prospectus 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 or any of its affiliates. This Prospectus does not constitute an offer of Bonds or an invitation by or on behalf of the Issuer or the Managers to purchase any Bonds. Neither this Prospectus nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer or the Managers to a recipient hereof and thereof that such recipient should purchase any Bonds.

This Prospectus 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 authorized or to any person to whom it is unlawful to make such offer or solicitation.

The offer, sale and delivery of the Bonds and the distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer 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 Prospectus and the offering material relating to the Bonds, see “Part F: Subscription and Sale”.

Certain of the statements contained in this Prospectus may be statements of future expectations and other forward-looking statements that are based on the Issuer’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 market of the Munich Re Group (as defined herein), (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. The Issuer assumes no obligation to update any forward looking statements contained herein.

The Bonds have not been, nor will be, registered under the United States Securities Act of 1933, as amended (the *Securities Act*), and the Bonds may include Bonds in bearer form that are subject to U.S. tax law requirements. Accordingly, the Bonds are being offered and sold only outside the United States of America (as such term is defined in Regulation S under the Securities Act (*Regulation S*)) to non-U.S. persons in reliance on Regulation S. For further details, see “Part F: Subscription and Sale”.

The Bonds will form part of the Issuer's capital resources and, as such, it is the Issuer's intention to redeem the Bonds only to the extent that the Issuer or any of its subsidiaries have, in the period of six months preceding such redemption, raised funds in an amount at least equal to the aggregate principal amount of the Bonds by the external issuance and sale of any ordinary shares or any securities that have equal or greater equity characteristics relative to the Bonds.

In connection with the issue of the Bonds, UBS Limited (the *Stabilising Manager*) (or persons acting on behalf of any Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of this Prospectus is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

The legally binding language of this Prospectus is the English language, except for the Conditions of Issue of the Bonds where the legally binding language is the German language. In this Prospectus, 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.

Table of Contents

	Page		Page
Incorporation by Reference	5	Part D: Description of the Issuer	68
Part A: Summary of Conditions of Issue, Risk Factors and Description of Issuer	6	Statutory Auditors	68
1. Summary of the Conditions of Issue	6	Information about the Issuer	68
2. Summary of the Description of Risk Factors . .	14	Business Overview	70
2.1. Risk Factors relating to the Bonds	14	Organisational Structure	71
2.2. Risk Factors relating to the Issuer and the Munich Re Group	14	General Meeting, Supervisory Board, Managing Board and Related Party Transactions	73
3. Summary of the Description of the Issuer . . .	15	Material Contracts	75
Part B: Risk Factors	17	Legal and Arbitration Proceedings	75
1. Risk Factors relating to the Bonds	17	Trend Information and Significant Changes in the Issuer's Financial or Trading Position	77
2. Risk Factors relating to the Issuer and the Munich Re Group	18	Recent Developments and Outlook	77
Part C: Conditions of Issue of the Bonds and Use of Proceeds	29	Selected Consolidated Financial Information	78
1. Conditions of Issue of the Bonds	29	Part E: Taxation	82
2. Use of Proceeds	67	Part F: Subscription and Sale	86
		Part G: General Information	88
		Registered Offices	89

Incorporation by Reference

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

- (1) the audited Consolidated Financial Statements of the Issuer in accordance with IFRS as of 31 December 2006 and 31 December 2005, including Notes to the Consolidated Financial Statements, as well as the respective Independent Auditors' Reports to both Consolidated Financial Statements;
- (2) the unaudited Consolidated Interim Financial Statements of the Issuer for the first three months of the fiscal year 2007 as of 31 March 2007, including Notes to the unaudited Consolidated Financial Statements.

Audited Consolidated Financial Statements as of 31 December 2006*	Annual Report 2006 page reference
— Consolidated Balance Sheet	p. 142 to 143
— Consolidated Income Statement	p. 144
— Group Statement of Changes in Equity	p. 146
— Consolidated Cash Flow Statement	p. 147
— Notes to the Consolidated Financial Statements	p. 156 to 212
— Auditors' Report	p. 216
Audited Consolidated Financial Statements as of 31 December 2005*	Annual Report 2005 page reference
— Consolidated Balance Sheet	p. 138 to 139
— Consolidated Income Statement	p. 140
— Group Statement of Changes in Equity	p. 141 to 142
— Consolidated Cash Flow Statement	p. 143
— Notes to the Consolidated Financial Statements	p. 152 to 207
— Auditors' Report	p. 211
Unaudited Consolidated Interim Financial Statements for the first three months of the fiscal year 2007 as of 31 March 2007*	31 March 2007 unaudited Interim Report page reference
— Consolidated Balance Sheet	p. 14 to 15
— Consolidated Income Statement	p. 16
— Group Statement of Changes in Equity	p. 19
— Consolidated Cash Flow Statement	p. 20
— Notes to the Consolidated Financial Statements	p. 29 to 35

* *The English translation of these documents (original in German) was prepared by the Issuer, which takes full responsibility for the correctness thereof.*

Information contained in these documents other than information listed in the table above is for information purposes only.

Documents Available for Inspection

For so long as the Bonds shall be outstanding, copies of the following documents may be inspected (and in the case of (b) and (c) will be available free of charge) during normal business hours at the office of the Luxembourg Paying Agent, namely:

- (a) the constitutional documents of the Issuer;
- (b) the Prospectus and any document incorporated by reference therein; and
- (c) the latest audited consolidated financial statements and unaudited consolidated interim financial statements, which are published quarterly, of the Munich Re Group for each period since the three months ended 31 March 2007.

The Issuer will, at the offices of the Luxembourg Paying Agent, provide, free of charge, upon the oral or written request therefore, copies of the documents in (b) and (c) above. Written or oral requests for such documents should be directed to the office of the Paying Agent or the office of the Luxembourg Listing Agent (please refer to page 89 for the office address of the Paying Agent and the Listing Agent).

The Prospectus and the documents incorporated by reference will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Part A: Summary of Conditions of Issue, Risk Factors and Description of Issuer

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

1. SUMMARY OF THE CONDITIONS OF ISSUE

Issuer	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München
Aggregate Principal Amount	EUR 1,500,000,000
Managers	Deutsche Bank AG, London Branch, J.P. Morgan Securities Ltd. and UBS Limited as Joint Lead Managers and Joint Bookrunners and Citigroup Global Markets Limited, Goldman Sachs International and Merrill Lynch International as Co-Managers
Issue Price	100 per cent. of the Principal Amount of the Bonds
Issue Date	12 June 2007
Denomination	The Bonds will be issued with a principal amount of EUR 50,000 each (<i>Principal Amount</i>).
Form of Bonds	The Bonds are in bearer form and will initially be represented by one or more temporary global bonds without interest coupons which will each be exchanged for a permanent global bond without interest coupons not earlier than 40 and not later than 180 calendar days after the issue of the respective temporary global bond upon delivery of certifications as to non U.S. beneficial ownership of the Bonds. Payment of interest on Bonds represented by a temporary global bond shall be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. No definitive bonds or interest coupons will be issued.
Status of the Bonds	<p>The obligations of the Issuer under the Bonds constitute direct, unsecured and subordinated obligations of the Issuer ranking junior to Senior Securities, <i>pari passu</i> among themselves and with Parity Securities and senior to Junior Securities, except for any subordinated obligations required to be preferred by mandatory provisions of law. In the event of the liquidation, dissolution or insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, the obligations of the Issuer under the Bonds shall be subordinated to the claims of all holders of Senior Securities so that in any such event no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated creditors and dated subordinated creditors of the Issuer shall have first been satisfied in full.</p> <p><i>Junior Security</i> means (i) any security issued by the Issuer which ranks junior to the Bonds and (ii) any security guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee are subordinated to the Issuer's obligations under the Bonds (however, in each case, exclusive of securities issued to entities affiliated with the Issuer within the meaning of Section 15 of the German Stock Corporation Act (<i>Group Entities</i>)).</p>

Parity Security means (i) any security issued by the Issuer which ranks *pari passu* with the Bonds, and (ii) any security guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank *pari passu* with the Issuer's obligations under the Bond (however, in each case, exclusive of securities issued to Group Entities).

Senior Security means (i) any security issued by the Issuer or any other relevant obligation which ranks senior to the Bonds (including, but not limited to obligations to policyholders and obligations owed to unsubordinated and/or dated subordinated creditors) and (ii) any security guaranteed by the Issuer where the Issuer's obligations under the relevant guarantee rank senior to the Issuer's obligations under the Bonds (however, in each case, exclusive of securities issued to Group Entities).

Prohibition of Set-Off

No Bondholder may set off any claims arising under the Bonds against any claims that the Issuer may have against the Bondholder. The Issuer may not set off any claims it may have against any Bondholder against any of its obligations under the Bonds.

Interest

From (and including) 12 June 2007 until (but excluding) 12 June 2017, the Bonds will bear interest at a rate of 5.767 per cent. *per annum*, payable annually in arrears on 12 June of each year (each a *Fixed Interest Payment Date*). Thereafter, the Bonds will bear interest at the rate of 1.04 per cent. per annum over the Euro Interbank offered rate for three-month deposits in Euro (EURIBOR) plus a step-up of 1.00 percentage point, payable quarterly in arrears on 12 March, 12 June, 12 September and 12 December of each year (each a *Floating Interest Payment Date*, and together with any Fixed Interest Payment Date, an *Interest Payment Date*), up to the redemption date.

Optional Deferral of Interest Payments

Interest which accrues during a period ending on (but excluding) an Optional Interest Payment Date shall be due and payable on that Optional Interest Payment Date unless the Issuer elects to defer the interest. Interest thus not due and payable shall constitute *Optional Deferred Interest*.

Optional Interest Payment Date means any Interest Payment Date in respect of which the following criteria are met and on which neither a Solvency Event nor a Mandatory Deferral Event has occurred or is continuing:

- (i) no dividend, other distribution or payment (including payments for the purposes of a repurchase of shares provided that payments which have been made in connection with share participation activities shall be excluded) was validly resolved on, paid or made in respect of any class of shares of the Issuer since the last twelve months immediately preceding such Interest Payment Date (except such dividend, other distribution or payment is made between Group Entities); and
- (ii) no interest, other distribution or payment (including payments for the purposes of a redemption or repurchase) has been validly resolved on, paid or made in respect of any Parity Securities or Junior Securities (except where such payment has itself been triggered by the previous payment of interest, dividends or other distributions, as the case may be, on Parity Securities, Junior Securities or shares or by the redemption or repurchase of any Parity Securities, Junior Securities or shares) since the last twelve months immediately preceding such Interest Payment Date (except such interest, other distribution or payment is made between Group Entities).

Mandatory Deferral of Interest Payments

If on any Interest Payment Date a Solvency Event has occurred or would occur the payment of the interest amount otherwise falling due on such

date shall be deferred, provided that in the case where the payment of such interest amount would itself cause a Solvency Event to occur, the Issuer shall be obliged to defer the payment of the Solvency Shortfall only. If on any Interest Payment Date a Mandatory Deferral Event has occurred or would occur, the Issuer shall be obliged to defer the payment of the Mandatory Shortfall.

Interest so deferred shall constitute *Mandatory Deferred Interest* (together with any Optional Deferred Interest, *Deferred Interest*).

A *Solvency Event* shall have occurred if on a certain date

- (i) the Issuer and Munich Re Group do not have appropriate funds to cover the minimum solvency margin required by the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any successor authority (together, the *BaFin*) or comparable margins and ratios (or a comparable term in case of a change in applicable rules or the generally accepted administrative practice of the BaFin) in accordance with the provisions of German insurance regulatory law (for group solvency or single solvency purposes for reinsurance undertakings or the solvency pursuant to the regulation for financial conglomerates) and a generally recognised administrative practice of the BaFin applicable at that time, or such funds would, as a result of a full or partial interest payment that would otherwise be due on such Interest Payment Date become less than the required minimum solvency margin or comparable margin or ratio,
- (ii) an order by the BaFin is prohibiting the Issuer from making interest payments, other distributions or redemption payments (including to the holders of any Parity Security or Junior Security),
- (iii) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due, or
- (iv) the Assets of the Issuer do not exceed its Liabilities (other than liabilities to persons who are not Senior Creditors).

Where:

Assets means the unconsolidated total assets of the Issuer, as shown in the latest published annual audited balance sheet of the Issuer.

Liabilities means the unconsolidated total liabilities of the Issuer, as shown in the latest published annual audited balance sheet of the Issuer.

A *Mandatory Deferral Event* shall have occurred if up to the tenth business day before the respective Interest Payment Date,

- (i) the Accumulated Consolidated Result on the Lagged Reporting Date is less than or equal to zero; and
- (ii) the Adjusted Shareholders' Equity Amount as at the Lagged Reporting Date has declined by 10 per cent. or more as compared to the Adjusted Shareholders' Equity Amount on the Benchmark Reporting Date; and
- (iii) the Adjusted Capital Amount as at the Current Reporting Date has declined by 10 per cent. or more as compared to the Adjusted Shareholders' Equity Amount on the Benchmark Reporting Date.

Senior Creditors means creditors of the Issuer whose claims do not rank *pari passu* with, or junior to the claims of the holders of the Bonds (*Bondholders*).

Solvency Shortfall means the portion of the interest amount that would cause a Solvency Event to occur or to be continuing.

Where:

Accumulated Consolidated Result means, as at the end of any quarter, the aggregate of the line items in the published quarterly report titled “consolidated result attributable to Munich Re equity holders” (or any item in the Issuer’s accounts replacing such term), for four quarters ending on the last day of such quarter.

Adjusted Capital Amount means the Adjusted Shareholders’ Equity Amount plus any Qualifying Mandatory Convertibles.

Adjusted Shareholders’ Equity Amount means the shareholders’ equity before minority interests as shown in the latest consolidated balance sheet of the Issuer as at the end of any quarter, as determined in accordance with the Applicable Accounting Standards, minus foreign currency translation adjustments and unrealised gains and losses (net) as reflected on such consolidated financial statement.

Applicable Accounting Standards means the International Financial Reporting Standards (*IFRS*) as applicable at the relevant dates and for the relevant accounting periods, or other accounting principles generally accepted in Germany, which are adopted and published by the Issuer, which subsequently supersede them. Any restatement of financial reporting by the Issuer following subsequent changes to the Applicable Accounting Standards will be disregarded for purposes of calculating the Accumulated Consolidated Result, the Adjusted Capital Amount and the Adjusted Shareholders’ Equity Amount.

Benchmark Reporting Date means the date of the quarterly financial statements of the Issuer ten quarters before the Current Reporting Date.

Current Reporting Date means the date of the most recently completed and published quarterly financial statements of the Issuer.

Lagged Reporting Date means the date of the quarterly financial statements of the Issuer two quarters immediately preceding the Current Reporting Date.

Mandatory Shortfall means the amount by which the interest amount exceeds the New Capital Amount.

New Capital Amount means the net proceeds received by the Issuer from new issuance and/or sales during the period of 180 calendar days prior to the relevant Interest Payment Date under (i) Share Settlement or (ii) Security Settlement.

Qualifying Mandatory Convertibles means, to the extent permitted under prevailing applicable laws, a convertible instrument issued directly or guaranteed by the Issuer that mandatorily converts into a number of the Issuer’s shares fixed within a range (predefined at the date of issuance of the relevant convertible instrument) on or prior to the third anniversary of the date of its issuance and in respect of which claims by holders rank *pari passu* with the claims of the Issuer’s shareholders in the event of the

liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer.

Payment of Deferred Interest

The Issuer may pay Deferred Interest (in whole or in part) at any time on the giving of ten business days' notice only by way of funds which result from the exercise of ACSM before the deferred settlement date. Deferred Interest shall become due and payable (in whole but not in part) and shall be paid by the Issuer only by way of funds which result from the exercise of ACSM on the first to occur of the following dates:

- (i) the calendar day which is the due date for redemption of the Bonds;
- (ii) the calendar day on which an order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer);
- (iii) the calendar day immediately following the date on which a dividend is paid in respect of any class of shares of the Issuer, or on which interest or other distribution or payment on a Junior Security is paid or made, or on which the Issuer or a Group Entity makes any payment of interest on any Parity Security, partially or in full (in case of a partial payment, Deferred Interest shall only become due and payable on a *pro rata* basis calculated according to the ratio the actual aggregate interest payment on the Parity Security bears to the aggregate interest payment obligation being due under such Parity Security); and
- (iv) if none of the events referred to under (i), (ii) or (iii) above has occurred, the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant interest amount could have fallen due for the first time.

The Issuer shall use its reasonable efforts to satisfy any Deferred Interest by way of ACSM during the period of one year (*ACSM Period*) following the relevant deferred settlement date. If at the end of any ACSM Period in respect of any Deferred Interest the Issuer has been unable to make full payment of such Deferred Interest in accordance with the ACSM, the obligations of the Issuer to satisfy the amount of interest that was deferred at the beginning of such ACSM Period shall, to the extent not already settled under the ACSM, be cancelled.

Alternative Coupon Settlement Mechanism

The Issuer may raise the funds required for the satisfaction of the relevant Deferred Interest through the alternative coupon settlement mechanism (ACSM) by issuing or selling Payment Shares for cash proceeds (the *Share Settlement*) and/or by issuing of Placement Securities (the *Security Settlement*).

Where:

Payment Shares means existing or newly issued ordinary shares or Qualifying Mandatory Convertibles.

Placement Securities means any securities or other instruments issued by the Issuer or any finance subsidiary, in such case with the benefit of guarantee from the Issuer, that have substantially the same terms and conditions as the Bonds (in terms of maturity, call with intent based replacement language, deferral and subordination), have attracted an equal or better regulatory capital treatment and at least equivalent equity credit from the relevant recognised international statistical rating organisation as the Bonds.

Any Share Settlement shall be subject to the following conditions (i) either (A) the Issuer holds Payment Shares itself (save for treasury shares which have been acquired against cash within a period of six months before the relevant payment date) or (B) the Issuer can for the purpose of exercising ACSM issue new shares, provided that (x) the number of Payment Shares used in any 12-month period (including the maximum number of shares issued or to be issued pursuant to all Qualifying Mandatory Convertibles as of their respective date of issuance) for this purpose does not exceed 2 per cent. (*Share Settlement Percentage*) of the Issuer's aggregate amount of the relevant outstanding shares and (y) such issuance is authorised pursuant to the Issuer's articles of association or a resolution by its shareholders' meeting to increase the share capital and (ii) the Issuer's supervisory board, in each case, has declared its consent thereto and (iii) the Issuer is not subject to any restriction (whether by applicable law, the Issuer's articles of association, contractual obligations or provisions or internal rulings) with respect to selling treasury or selling newly issued shares. The Issuer shall not be obliged to buy back its own shares. The Share Settlement Percentage will apply solely and exclusively to the use of Share Settlement in respect of Mandatory Deferred Interest following the occurrence of a Mandatory Deferral Event.

Any Security Settlement shall be subject to the following conditions (i) the Issuer or the respective finance subsidiary is not subject to any restriction (whether by applicable law, the relevant articles of association, contractual obligations or provisions or internal rulings) with respect to such issuance, (ii) the consent of the Issuer's supervisory board, to the extent required, has been obtained and (iii) the aggregate principal amount of qualifying non-cumulative Placement Securities to be issued and other Placement Securities (together with any Placement Securities previously issued) shall not exceed 25 per cent. (*Upper Threshold*) of the aggregate Principal Amount of the Bonds, provided that the aggregate principal amount of Placement Securities which are not qualifying non-cumulative Placement Securities (together with any such Placement Securities previously issued) may not exceed 15 per cent. (*Lower Threshold*) of the aggregate Principal Amount of the Bonds. Calculation of the Upper Threshold and/or the Lower Threshold will apply solely and exclusively to the use of Security Settlement in respect of Mandatory Deferred Interest following the occurrence of a Mandatory Deferral Event.

Taxation and Gross-up

All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Bonds by the Issuer will be made free and clear of and without withholding or deduction for or on account of any present or future taxes or other duties of whatever nature imposed or levied by or on behalf of the jurisdiction of incorporation of the Issuer or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the deduction or withholding of such taxes or other duties is required by interpretation or application of law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts receivable by the Bondholder after such deduction or withholding shall equal the respective amounts which would have been received by such Bondholder in the absence of such deduction or withholding, subject to customary exceptions as set out more fully in the Conditions of Issue.

No Maturity

The Bonds will have no final maturity date.

Redemption at the Option of the Issuer prior to 12 June 2017

If prior to 12 June 2017 either a Gross-up Event, a Tax Event, an Accounting Event, a Capital Event or a Regulatory Event occurs, the Issuer may call and redeem the Bonds (in whole but not in part) at their

Redemption Amount at any time on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice.

Gross-up Event means that the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws (or any rules or regulations thereunder) of Germany or any political subdivision or any authority of Germany, or any change in or amendment to any official interpretation or application of those laws or rules or regulations, provided that the relevant amendment or change becomes effective on or after the Issue Date and provided further that the payment obligation cannot be avoided by taking reasonable measures.

Tax Event means an opinion of a recognised independent tax counsel has been delivered to the Principal Paying Agent, stating that on or after the Issue Date, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Germany or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules 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 becomes effective otherwise on or after the Issue Date; or
- (iii) 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,

payments by the Issuer on the Bonds are no longer, or within 90 calendar days of the date of that opinion will no longer be, fully deductible by the Issuer for German corporate income tax purposes, respectively, and such risk cannot be avoided by the Issuer taking reasonable measures available to it.

Where:

Accounting Event means an opinion of a recognised international accounting firm has been delivered to the Principal Paying Agent, stating that on or after the Issue Date, the obligations in respect of the Bonds must not or must no longer be recorded as liabilities on the Issuer's consolidated financial statement prepared in accordance with Applicable Accounting Standards; and such risk cannot be avoided by the Issuer taking reasonable measures available to it.

Capital Event means a change by a recognised international statistical rating organisation to its equity credit criteria, or the interpretation or application thereof, for securities such as the Bonds, as such criteria are in effect on the Issue Date (*Current Criteria*), which change results in a lower equity credit being given to the Bonds as of the date of such changes than the equity credit that would have been assigned to the Bonds as of the date of such changes by such recognised international statistical rating organisation pursuant to its Current Criteria.

A *Regulatory Event* shall occur if

- (i) the BaFin states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for undated subordinated debt for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates; or
- (ii) the BaFin issues further guidance in relation to tier 1 regulatory capital (howsoever described) at any time, the Issuer or Munich Re Group is required for any regulatory capital purposes to have tier 1 regulatory capital, and the Bonds would not be eligible to qualify for inclusion in the tier 1 regulatory capital for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates at the time (save where such non-qualification is due only to any applicable regulatory limit on the amount of such regulatory capital); or
- (iii) the BaFin has recognised the Bonds as tier 1 regulatory capital qualifying instruments for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates and at a subsequent time the BaFin states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for tier 1 regulatory capital for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates (save where such non-qualification is due only to any applicable regulatory limit on the amount of such regulatory capital).

The *Redemption Amount* shall (i) upon the occurrence of a Gross-up Event or a Tax Event, be equal to the Principal Amount of the Bonds to be redeemed, plus accrued interest until the date of redemption (exclusive) and, (ii) upon the occurrence of an Accounting Event, a Capital Event or a Regulatory Event be calculated as the greater of the Principal Amount of the Bonds to be redeemed and the Make-Whole Amount of the Bonds in each case, plus accrued interest until the date of redemption (exclusive).

Redemption at the Option of the Issuer from 12 June 2017

The Issuer may call the Bonds (in whole but not in part) on 12 June 2017 or on any Floating Interest Payment Date thereafter at their Principal Amount, plus any interest accrued until the date of redemption (exclusive) on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice of redemption to the Bondholders.

Limitations to Redemption at the Option of the Issuer

The Issuer may call and redeem the Bonds only if the Principal Amount of the Bonds to be redeemed has been replaced by other at least equivalent regulatory capital or if the BaFin has given its consent to the redemption. The Issuer may not call and redeem the Bonds as long as a Solvency Event has occurred or is continuing.

Rating of Bonds

The Bonds are expected to be rated a by A.M. Best Company (*A.M. Best*), A+ by Fitch Ratings Limited (*Fitch*), A3 by Moody's Investors Service Limited (*Moody's*) and A by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. (*Standard & Poor's*), upon issuance.

Principal Paying Agent

Deutsche Bank Aktiengesellschaft

Luxembourg Paying Agent

Deutsche Bank Luxembourg S.A.

Calculation Agent

Deutsche Bank Aktiengesellschaft

Listing and Admission to Trading

Application has been made to list the Bonds on the official list of the Luxembourg Stock Exchange and trade on the Regulated Market of the Luxembourg Stock Exchange

Clearing and Settlement	Clearstream Banking S.A., Luxembourg, and Euroclear Bank S.A./N.V. as operator of the Euroclear System.
Governing Law	German law
Language	The German language version of the Conditions of Issue of the Bonds is binding and decisive.
Security Codes	ISIN: XS0304987042 Common Code: 030498704 WKN: A0N4EX

2. SUMMARY OF THE DESCRIPTION OF RISK FACTORS

2.1 Risk Factors relating to the Bonds

An investment in the Bonds involves certain risks associated with the characteristics of the Bonds and which could lead to substantial losses for Bondholders when selling their Bonds or with regard to receiving interest payments under the Bonds. These risks include the following:

- Payments of Interest under the Bonds may be deferred at the election of the Issuer.
- No Interest will be paid on the Bonds if a Solvency Event or a Mandatory Deferral Event prevails on a due date for interest and the claim to receive such interest may be cancelled.
- Claims under the Bonds are subordinated.
- The Bonds are perpetual securities and do not provide for put rights of the Bondholders.
- There is no limitation on the Issuer to incur additional indebtedness ranking senior or *pari passu* with the Bonds.
- The Bonds are subject to redemption under certain circumstances.
- An active trading market for the Bonds may not develop.
- Investors are exposed to risks associated with fixed rate bonds.
- Investors are exposed to risks associated with floating interest rate bonds.

2.2. Risk Factors relating to the Issuer and the Munich Re Group

An investment in the Bonds involves certain risks relating to the Issuer of the Bonds. The following contains a description of certain risks, which may materially adversely affect its financial position and results of operation.

Market and competition-related risks

- The cyclicity of the reinsurance and primary insurance markets may lead to premium fluctuations that may adversely affect the business of the Munich Re Group.
- If the market and competitive conditions prevailing on the reinsurance and primary insurance markets deteriorate, there may be a decline in the business volume and returns of the Munich Re Group.
- Increased geopolitical risks as a result of the terrorist attack of 11 September 2001 and future terrorist attacks may have a sustained negative impact on the business of the Munich Re Group.
- Risks that are unknown today, for instance from new technologies, may lead to unforeseeable losses.
- The Munich Re Group is exposed to legal, tax and economic risks arising from the development of new markets or from unexpected deteriorations on developed markets.

Business and company-related risks

- Investments by the Munich Re Group in the national and international capital and real estate markets may lose value. Investment income may fall.

- The provisions made by Munich Re Group may be inadequate and make additional reserving necessary.
- Catastrophes due to natural events or human activity may have a material negative effect on the Munich Re Group's economic situation.
- If there is a rise in the price or a shortage of capacity on the reinsurance and retrocession markets and a shortage of the capacity for alternative products on the capital markets, it may become more difficult to cede risks written and the Munich Re Group's net claims expenditure may rise accordingly.
- A downgrading of the Munich Re Group's ratings and those of its individual companies may have a negative effect on client relations and the financing costs of the Munich Re Group and its companies concerned.
- Exchange rates fluctuations may have an adverse effect on the Munich Re Group's financial condition and results of operations.
- The loss of a number of major clients of the Munich Re Group may have an adverse effect on the business and the results of the Munich Re Group.
- The current requirements by the BaFin and other insurance regulators in respect of asset coverage for insurance companies may entail risks for the companies of the Munich Re Group.
- If companies in the Munich Re Group fail so-called stress tests, the Munich Re Group may sustain competitive disadvantages.
- The goodwill recorded in the Issuer's consolidated financial statements and the book values shown in the annual financial statements of the Issuer for consolidated affiliated enterprises may necessitate writedowns for impairments.
- The proposed introduction of a current exit value evaluation model under IFRS for the accounting of insurance contracts may lead to a substantially higher volatility of the consolidated results.
- The value pursuant to IFRS of certain balance sheet assets in the financial statements of the Munich Re Group resulting from insurance contracts is calculated in accordance with actuarial methods. The value of these assets depends on the development of the underlying parameters. Unfavourable developments may lead to writedowns for impairments.
- The Munich Re Group is subject to operational risks.

Legal and tax-related risks

- Regulatory and legal changes, as well as other government and judicial actions or trends, may lead to additional costs or otherwise adversely affect the business of the Munich Re Group.
- Changes in tax legislation could adversely affect the Munich Re Group's business.
- Significant additional tax liabilities may arise from estimates that turn out to be inaccurate of tax liabilities when accounting for tax provisions, tax refund claims or tax reserves and when adjusting the value of deferred tax items.
- The Munich Re Group is exposed to risks from court action and arbitration proceedings, as well as regulatory procedures the outcome of which is uncertain.

The realisation of any of the risks described above may affect the Issuer's ability to fulfil its obligations under the Bonds and /or lead to a decline in the market price of the Bonds.

3. SUMMARY OF THE DESCRIPTION OF THE ISSUER

The Munich Re Group is one of the world's leading risk carriers. Its business covers the whole value-added chain in insurance and reinsurance. The Munich Re Group is also active in the field of asset management. The Issuer is the parent of the Munich Re Group. The registered office of the Issuer is at Königinstrasse 107, D-80802 Munich, Germany, Tel. +49 (0) 89 38 91-0.

The Issuer was established in Munich in 1880 and was registered in the commercial register at the Local Court of Munich on 19 April 1880. From the beginning, the object of the company was the reinsurance in all classes of business. On 21 March 1888, the bank Merck, Finck & Co. launched the company on the stock exchange. Shortly after its establishment, the Issuer expanded its activities to foreign countries. In 1890 it established its London branch and in 1899 its branch in the United States. Not least as a result of the settlement of the claims arisen in connection with the San Francisco earthquake in 1906, interest in reinsurance has continuously increased, in particular in the United States. Since that time, the Issuer has developed into one of the leading reinsurance companies worldwide. In 1996, the Issuer took over American Re Corporation in order to expand its market position in the United States, the biggest reinsurance market in the world, and renamed it into Munich Re America Corporation in 2006. Through its acquisition of the majority in Hamburg-Mannheimer Versicherungs-AG, the Issuer is also active in the primary insurance business through its shareholdings. As a result of restructurings since 1997, the primary insurance business has been conducted particularly through ERGO Versicherungsgruppe AG (*ERGO*). In 1999, the Issuer and ERGO established MEAG MUNICH ERGO AssetManagement GmbH (*MEAG*) for the purpose of optimising their asset management operations.

In 2006, gross premiums written by the Munich Re Group totalled EUR 37.5 billion. The core business of the Munich Re Group is reinsurance in virtually all classes of the insurance business and in all continents, which contributed 55 per cent. of its gross premiums written in 2006. 65 per cent. thereof derived from property-casualty reinsurance and 35 per cent. from life and health reinsurance. For this purpose, the Issuer maintains subsidiaries, branches, agencies and other offices around the world. In 2006, the Munich Re Group generated over 50 per cent. of its reinsurance business in Europe, approximately 35 per cent. in Northern America and the remainder in other markets around the world. Primary insurance, the Munich Re Group's second main field of operations, produced 45 per cent. of gross premiums written in 2006 and primarily focuses on personal lines business in Europe and in particular Germany. In Germany and Europe, the Issuer, through ERGO and its subsidiaries (the *ERGO Group*), is one of the largest primary insurance groups with almost EUR 17 billion gross premiums written in 2006. Of the gross premiums written in 2006, 31 per cent. of the primary insurance business derived from property-casualty insurance and 69 per cent. from life and health insurance.

As at 31 March 2007, the Munich Re Group had a total of 37,754 (31 December 2006: 37,210) staff worldwide, of whom 6,970 (6,928) were employed in reinsurance, 29,895 (29,509) in primary insurance, and 889 (773) in asset management business. 25,647 (25,524) staff were employed in Germany and 12,107 (11,686) outside Germany.

Part B: Risk Factors

Prospective investors should read the entire Prospectus. Words and expressions defined in the “Conditions of Issue” below or elsewhere in this Prospectus have the same meanings in this section. Investing in the Bonds involves certain risks. Prospective investors should consider, amongst others, the following:

1. RISK FACTORS RELATING TO THE BONDS

Payments of Interest under the Bonds may be deferred at the election of the Issuer.

Subject to the limited exceptions in § 4(6) of the Conditions of Issue, the Issuer has the option to defer any payment of interest on the Bonds if the requirements for deferral set out in § 4(4) of the Conditions of Issue are satisfied. If the Issuer, who may do so at its own discretion, decides to defer a payment of interest on the Bonds, payment of interest so deferred must only be made if the specific requirements set out in § 4(6) of the Conditions of Issue are fulfilled. Any interest deferred in such manner will not itself accrue interest. While the deferral of interest payments continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Bonds. In such event the Bondholders are not entitled to claim immediate payment of interest so deferred.

Interest payments so deferred at the option of the Issuer may only be settled through ACSM as set out in § 4(7) of the Conditions of Issue. All payments through ACSM may only be made if and to the extent that such settlement can either be made out of funds raised by the Issuer by issuing new shares or qualifying mandatory convertibles or selling own shares for cash proceeds and/or by issuing securities or other instruments of the Issuer or any finance subsidiary having equivalent characteristics as the Bonds. The Issuer may be prevented by compulsory provisions of the German Stock Corporation Act (*Aktiengesetz*) or otherwise from issuing and/or selling any of the aforementioned shares, securities or instruments. Accordingly, interest so deferred may not be settled at all and investors face the risk that their claims for payment thereof are cancelled.

No Interest will be paid on the Bonds if a Solvency Event or a Mandatory Deferral Event prevails on a due date for interest and the claim to receive such interest may be cancelled.

Following a Solvency Event or a Mandatory Deferral Event (as defined in § 4(5) of the Conditions of Issue) and for as long as such Solvency Event or Mandatory Deferral Event, as the case may be, continues and none of the limited exceptions in § 4(6) of the Conditions of Issue apply, the Issuer is prohibited from paying interest on the Bonds. Interest payments deferred as a result of a Solvency Event or Mandatory Deferral Event, as the case may be, may only be settled through ACSM. Settlement by ACSM is subject to § 4(7) of the Conditions of Issue and may only be made out of funds raised by the Issuer by issuing or selling specified shares, securities or other instruments which again may be limited by compulsory provisions of the German Stock Corporation Act (*Aktiengesetz*) or otherwise. Accordingly, interest deferred upon occurrence of a Solvency Event or a Mandatory Deferral Event, as the case may be, may not be settled at all and investors face the risks that their claims for payment thereof are cancelled.

Claims under the Bonds are subordinated.

The Issuer's obligations under the Bonds are subordinated obligations of the Issuer ranking junior to Senior Securities, *pari passu* among themselves and with Parity Securities and senior to Junior Securities, except as otherwise required by mandatory provisions of law. Accordingly, the obligations of the Issuer under the Bonds shall be subordinated to the claims of all holders of Senior Securities so that in the event of the liquidation, dissolution or insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated creditors and dated subordinated creditors of the Issuer shall have first been satisfied in full. Therefore, in liquidation or insolvency proceedings of the Issuer, the Bondholders will in all likelihood recover significantly less than the holders of Senior Securities of the Issuer.

Investors should also take into consideration that unsubordinated liabilities may also arise out of events that are not reflected on the Issuer's balance sheet, including, without limitation, the issuance of guarantees or other payment undertakings. Claims of beneficiaries under such guarantees or other payment undertakings will, in winding-up or insolvency proceedings of the Issuer become unsubordinated liabilities and will therefore be paid in full before payments are made to Bondholders.

The Bonds are perpetual securities and do not provide for put rights of the Bondholders.

The Bonds are undated securities with no specified maturity date and the Bondholders have no right to put their Bonds.

There is no limitation on the Issuer to incur additional indebtedness ranking senior or pari passu with the Bonds.

The Issuer has not entered into any restrictive covenants in connection with the issuance of the Bonds regarding its ability to incur additional indebtedness ranking *pari passu* or senior to the obligations under or in connection with the Bonds. The incurrence of any such additional indebtedness may significantly increase the likelihood of a deferral of interest payments under the Bonds and/or may reduce the amount recoverable by Bondholders in the event of insolvency or liquidation of the Issuer.

The Bonds are subject to redemption under certain circumstances.

Investors should be aware that the Bonds may be redeemed at the option of the Issuer at their Principal Amount plus accrued interest on (i) any Floating Interest Payment Date, and (ii), prior to 12 June 2017, upon the occurrence of a Gross-up Event or Tax Event (as defined in § 5 (2) of the Conditions of Issue). In any such case, investors will not receive a Make-Whole Amount or any other compensation in light of the early redemption of the Bonds.

Further, the Bonds may be redeemed at the greater of their Principal Amount or the Make-Whole Amount (as defined in § 5 (3) of the Conditions of Issue) upon the occurrence of an Accounting Event or a Capital Event or a Regulatory Event (each as defined in § 5 (2) of the Conditions of Issue). In any such case, investors will, other than the Make-Whole Amount (if higher than the Principal Amount), not receive any compensation in light of the early redemption of the Bonds.

An active trading market for the Bonds may not develop.

The Bonds constitute a new issue of securities. Prior to this offering, there has been no public market for the Bonds. Although application has been made to list the Bonds on the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Bonds will develop. Even if such a market were to develop, the Managers are under no obligation to maintain such a market. Further, there can be no assurance that a market for the Bonds will not be subject to disruptions. Any such disruptions may have an adverse effect on the Bondholders.

Investors are exposed to risks associated with fixed rate bonds.

A holder of bonds with a fixed compensation rate is exposed to the risk that the price of such bonds falls as a result of changes in the market interest rate. While the nominal compensation rate of the Bonds is fixed until 12 June 2017, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of the Bonds changes in the opposite direction. If the market interest rate increases, the price of the Bonds would typically fall and if the market interest rate falls, the price of the Bonds would typically increase. Hence, Bondholders should be aware that movements of the market interest rate can adversely affect the price of the Bonds and can lead to losses if Bondholders sell their Bonds during the period in which the compensation rate of the Bonds is fixed, i.e. prior to 12 June 2017.

Investors are exposed to risks associated with floating interest rate bonds.

A holder of a bond with a floating interest rate (as will be the case for the Bonds after 12 June 2017 if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such bonds in advance.

2. RISK FACTORS RELATING TO THE ISSUER AND THE MUNICH RE GROUP

The Issuer's business, financial condition or results of operations could suffer material adverse effects due to any of the following risks. The Issuer has described below all the risks that it considers material, but those risks are not the only ones it faces. Additional risks not known to the Issuer or that it currently considers immaterial may also impair its business operations.

Market and competition-related risks

The cyclical nature of the reinsurance and primary insurance markets may lead to premium fluctuations that may adversely affect the business of the Munich Re Group.

The reinsurance and primary insurance markets are subject to cyclical fluctuations. This is particularly true in the property-casualty business and, to a lesser degree, in life and health business. How intense the competition is and whether the markets are characterised by high or low capacities depends on a variety of factors. These

include the competitive environment, the frequency and severity of catastrophes, the emergence of new risks, changes in legislation or court practice or new liability concepts, general economic trends and the volatility of the capital markets. Cyclical fluctuations give rise to fluctuations in prices and results. The Munich Re Group expects that these cyclical fluctuations on the market will persist in future. Therefore, premiums and results may not develop linearly.

The property-casualty business is particularly exposed to the cyclical swings of primary insurance. Underwriting results follow a cyclical pattern similar to that of the reinsurance market, this pattern being determined by external factors such as catastrophic events and by internal factors such as the primary insurers' aim for higher market shares in times of good results. There is little indication that the insurance cycles are likely to disappear in the foreseeable future. To some extent, the cycles are synchronous across various classes of business.

The cited cyclical fluctuations may have adverse effects on the financial condition and results of operations of the Munich Re Group.

If the market and competitive conditions prevailing on the reinsurance and primary insurance markets deteriorate, there may be a decline in the business volume and returns of the Munich Re Group.

The markets for reinsurance and primary insurance are highly competitive. On these markets, the Munich Re Group competes worldwide with many insurance and reinsurance companies as well as with banks and other financial service providers. The Munich Re Group's competitive situation depends on numerous factors, including its general financial strength and technical expertise, reputation, client relations, ratings, premiums, treaty terms and conditions, the products and services it offers, prompt claims settlement, staff experience and skills, as well as local presence, also in comparison with competitors.

The international reinsurance market in particular is characterised on the one hand by a high degree of concentration and on the other by a tendency towards low barriers to market entry, apart from the regulatory requirements existing in many countries. In recent years, there has been a corresponding rise in new companies on the reinsurance market. Moreover, existing companies have raised additional capital to improve their underwriting capacities. Other financial institutions, e.g. banks, are also in a position to provide reinsurance products comparable to those offered by the Munich Re Group. In addition, the market is developing a growing number of alternative products and the expansion of e-commerce tends to potentially contribute to a rise in competition in the insurance industry. In many countries, a growing consolidation and concentration of market players is taking place on the primary insurance market. Leading primary insurance companies agree upon higher retentions more frequently, a fact that may lead to lower demand for reinsurance coverage. These trends may weaken the demand for the products offered by the Munich Re Group or worsen the conditions at which the business can be written. The marginal product differentiation, easy access to sales channels and the limited cost benefits provided by existing reinsurers and the increasing market transparency may lower the barriers to market entry even further.

The primary insurance market is also characterised by intense competition. This is the case both in Germany and in other countries in which the Munich Re Group operates. There is strong competition with regard to virtually all insurance products and services offered by the Munich Re Group. This competition relates to a variety of factors on the supply and demand side, e.g. financial strength, return/interest rates in insurances of the person, sales channels, client relations, quick responses to changes in parameters, product variety and services, costs and prices.

There may also be legislative, government and regulatory interventions, for instance in response to major manmade or natural catastrophes, that may have an influence on the competitive situation in both the reinsurance and the primary insurance markets.

A deterioration in the market and competitive conditions may lead to adverse effects on the financial condition and results of operations of the Munich Re Group.

Increased geopolitical risks as a result of the terrorist attack of 11 September 2001 and future terrorist attacks may have a sustained negative impact on the business of the Munich Re Group.

In the wake of 11 September 2001, the Munich Re Group either completely excluded terrorism risks or limited the scope of cover for most of the perils covered from its insurance terms and conditions. In addition, it increased prices for the insurance of terrorist risks significantly. Although the risk has thus become transparent, it has not been eliminated completely as the Munich Re Group consciously supports

newly established pools and specialist insurers for the insurance of terrorism risks created in a number of countries such as France, Germany and the Netherlands. This may result in significant but clearly capped exposure in the event of terrorist attacks.

Moreover, the Munich Re Group is exposed to terrorist attacks that cannot be clearly identified, classified or evidenced as terrorist attacks. In these cases, the Munich Re Group may be subject to an increased claims burden since the limits or exclusions available in the reinsurance treaties may be inapplicable or unenforceable. In addition, the Munich Re Group may be affected by liability risks from fires or other consequential losses arising from terrorist attacks even if the terrorism risks are contractually excluded.

At present, the Munich Re Group is unable to assess which effects terrorist attacks and military or other measures taken in response to such attacks will have on its business. The events that have occurred thus far have had an adverse impact on general economic and political parameters as well as on the market conditions and have consequently aggravated many of the risks described in this section for the Munich Re Group's business. This may have a negative effect on the financial condition and results of operations of the Munich Re Group.

Risks that are unknown today, for instance from new technologies, may lead to unforeseeable losses.

Risks that are unknown today may lead to unforeseeable losses covered by existing insurance contracts, in particular in the area of property-casualty insurance. For example, the discovery of risks inherent to existing technologies or the application of new technologies, e.g. genetic engineering and nanotechnology or new developments in the pharmaceutical industry, could give rise to insurance risks that manifest themselves at some stage in the future.

For instance, the insurance industry did not initially establish adequate reserves for asbestos claims in the past, because it substantially underestimated the extent of the potential liabilities arising from this complex. Should risks that are unknown today lead to unforeseeable claims, this may have an adverse effect on the financial condition and results of operations of the Munich Re Group.

The Munich Re Group is exposed to legal, tax and economic risks arising from the development of new markets or from unexpected deteriorations on developed markets.

The Munich Re Group is striving to globalise its reinsurance business even further and to internationalise its business operations in primary insurance, focusing in either case on promising target markets. The expansion into new markets, e.g. in Asia and Eastern Europe, is associated with certain risks. The Munich Re Group must adapt to the local conditions and, in the new markets, largely depends on the prevailing economic and regulatory conditions, the potential partners' willingness to cooperate, the accessibility of the respective market segments and the local sales channels. Moreover, it is subject to the risk that measures taken to open up markets may be reversed. If attempts to enter a new market fail, are delayed or meet with unexpected difficulties, business operations and the financial condition and results of operations of the Munich Re Group may be adversely affected. The same is true when developed markets unexpectedly experience a deterioration in the legal, tax or economic parameters following for example social and political upheavals.

BUSINESS AND COMPANY-RELATED RISKS

Investments by the Munich Re Group in the national and international capital and real estate markets may lose value. Investment income may fall.

The Munich Re Group holds a significant portfolio of debt, equity and derivative securities, as well as real estate. As at 31 December 2006 the market value of debt securities was EUR 98 billion, of equity securities was EUR 24.5 billion, of derivative securities was EUR 272 million and of real estate was EUR 6.3 billion. This was equivalent to 54.9 per cent., 13.7 per cent., less than 1 per cent. and 3.5 per cent., respectively, of the market value of the Munich Re Group's investments. Any reduction in the value of the Munich Re Group's investments in debt, equity and derivative securities as well as in real estate may have to be reflected in the balance sheets and income statements of the Munich Re Group and its individual companies.

Interest-rate fluctuations and changes in interest rate levels pose a significant risk for the Munich Re Group's debt investments. Changes in the market values of debt investments affect both the assets and investment income of the Munich Re Group. As far as the assets are concerned, the interest rate and market value of securities are directly connected. While falling interest rates increase the market value of debt securities, rising interest rates cause the market value of debt securities to fall.

The Munich Re Group invests in different types of debt securities, for instance in government bonds, corporate bonds, mortgage-backed loans, asset-backed securities and mortgage-backed securities. The Munich Re Group's investment strategy is in principle geared to products with a high credit quality, but it also takes credit risks on a selective basis to enhance the return on the investments. Interest and redemption payments, in particular in the case of asset-backed and mortgage-backed securities, depend on the underlying collateral. If bonds cannot be redeemed or if the underlying collateral turns out not to be sufficient, adjustments in value may become necessary.

The investments of the Munich Re Group in equity securities are directly affected by their development on the stock markets that in turn depends on a number of factors that may have an adverse effect on share prices. Although the stock markets have shown over the last four years steady growth from a previous downturn, there is no assurance that the stock markets will continue to grow and not stagnate or fall.

In the management of investments, derivatives are used to hedge parts of the portfolio, optimise earnings and implement planned purchases or sales. The companies in the Munich Re Group act as end-users of derivatives. Moreover, these instruments are traded with a view to profit-making. Changes in the market value of the underlying and other parameters affecting the price (in particular volatility) may give rise to market value losses.

Regarding the investments of the Munich Re Group in real estate in addition to the risks involved in the other types of investments, e.g. market price risks, there are special real-estate risks inherent in this investment category. They include building-specific risks, e.g. risks that emanate from the ownership or operation of property, for instance vacancy and tenant structure risks. If these risks materialise, they can have a negative effect on the market value or return of the real estate portfolio.

The outlined developments can have an adverse impact on the financial condition and results of operations of the Munich Re Group.

The provisions made by Munich Re Group may be inadequate and make additional reserving necessary.

The Munich Re Group's results essentially depend on whether the claims actually paid correspond to the assumptions made by the Munich Re Group when pricing its products and establishing its reserves. The Munich Re Group calculates its reserves using the relevant actuarial methods. In some cases, the underlying assumptions may prove to be incorrect, requiring the Munich Re Group to increase reserves or make claims payments in excess of the reserves established.

Risk-adequate pricing and reserving is particularly difficult in property-casualty business because claims settlement is becoming increasingly complex and run-off periods are getting longer. The main examples of past estimates that turn out to be inaccurate on the market and to a certain extent also within the Munich Re Group are asbestos and environmental liability claims as well as claims in connection with the terrorist attacks of 11 September 2001. Miscalculations of the reserves have required a strengthening of the reserves established for these claims, such as reserves for asbestos, for which the Issuer increased its reserves several times, last as of 31 December 2006. In the case of these and other claims, changes in legislation, changes in healthcare expenses and repair costs along with other variables may make higher claims reserves necessary. Given the dynamically developing ruling practice of courts and the unpredictability of future court practice in some of the countries in which the Munich Re Group operates, in particular in the United States, reserves for claims deriving from such countries tend to be particularly difficult to assess. In the past, court rulings have led to significant increases in reserves in the Munich Re Group's property-casualty business and in future may also result in adjustments in the volume of reserves over a much longer period than was thus far the case.

For life insurance and annuity insurance products with fixed premiums, parameter risks (e.g. trends) leading to decreases or increases in life expectancies, such as growing obesity or advances in medical treatment in industrialised nations, constitute a significant risk to Munich Re Group's portfolio. If, for example, the life expectancy amongst the policyholders of the Munich Re Group were to increase this could require higher provisions for annuity insurances. Reversely, a decrease in the overall life expectancy of policyholders may require higher provisions for life insurance products. For annuity insurance contracts, which constitute less than 30 per cent. of the Munich Re Group's life insurance reserves, the provisions for adverse deviation in its portfolio have for example decreased in the past. However, if the longevity trend intensifies further compared to the current assumptions, additional amounts may have to be allocated to the provision for future policy benefits. The longevity risk in the Munich Re Group's reinsurance portfolio has significantly less weight than in primary insurance.

In its health segment, the Munich Re Group is proceeding on the assumption that there will be further advances in medical treatment, potentially giving rise to higher costs. If it is foreseeable that the assumptions behind the calculation are permanently inadequate to cover expenses for claims, it is possible to adjust premiums for long-term contracts, thus limiting the financial and balance sheet effects of permanent changes in morbidity. However, such biometric risks may accumulate or be aggravated as a result of interventions by legislators or courts in the distribution of risks and rewards underlying the contracts concluded between the parties to insurance.

The primary life insurers in the Munich Re Group both in Germany and abroad have a substantial portfolio of policies with guaranteed interest, including pension and endowment policies. The benefits paid under life insurance policies in Germany are based on a guaranteed interest rate equivalent to the legally prescribed interest rate used to calculate provisions for future policy benefits. In Germany this rate currently amounts to 2.25 per cent. per annum for policies denominated in euros and concluded on or after 1 January 2007. The vast majority of the life insurance contracts of the Munich Re Group in Germany and abroad are based on actuarial interest rates of between 2.5 per cent. and 4 per cent. If the capital market interest rate remains low for an extended period of time, the Munich Re Group's life insurers may be obliged to set up provisions for anticipated losses for the remaining policy periods of products with higher guaranteed interest rates.

Provisions for post-employment benefits may fail to be sufficient if the assumptions regarding future actuarial, demographic or economic trends on which the provisions have been calculated prove to be incorrect. Furthermore, the assumptions on which other provisions have been based may also prove to be incorrect.

Inadequate reserves may adversely affect the Munich Re Group's financial condition and results of operations.

Catastrophes due to natural events or human activity may have a material negative effect on the Munich Re Group's economic situation.

Part of the Munich Re Group's property-casualty business covers losses from unforeseeable events such as hurricanes, windstorms and hailstorms, general climatic changes such as global warming, earthquakes, fires, factory explosions, freezes, riots, floods and other natural and man-made disasters. The frequency and extent of these catastrophes over a certain period of time can only be estimated using scientific methods based on experience values and prognoses of future changes. The Munich Re Group endeavours to restrict the writing of individual risks by means of underwriting constraints, which lay down uniform maximum limits on a group-wide basis. The various units in the Munich Re Group are obliged only to accept individual risks insofar as the entire Munich Re Group's known share in an individual risk is within these maximum underwriting limits. In order to prevent these limits being exceeded, there is a clearing process in place throughout the Munich Re Group with which in the case of relatively large acceptances the participations held throughout the Munich Re Group in one and the same risk are examined before an acceptance is given. Nevertheless, there is a risk that the claims burden of any one risk may exceed the underwriting limit for the Munich Re Group because (i) individual risks are written on a Probable Maximum Loss (*PML*) basis for which the policy limit is above the PML used as a basis for the size of the acceptance and (ii) there is no ruling out an unknown loss accumulation in one and the same risk by way of treaty acceptances from different cedants.

Concerning the life insurance book of the Munich Re Group in primary insurance and reinsurance, not only parameter risks (trends) have a significant impact. Also shock risks, such as the abovementioned events or catastrophes, may lead to a significant deterioration in the expected results and economic situation of the Issuer. For example, a pandemic could cause an unexpected mortality shock to the portfolio of the Munich Re Group, at the same time have a negative impact on its health insurance business and further more negatively influence the capital markets and the world economy in general.

The Munich Re Group monitors its overall exposure to the natural hazards windstorm, earthquake and flood, as well as to pandemics. As far as all other hazards are concerned, each subsidiary of the Munich Re Group autonomously establishes its limits of cover for catastrophe losses. To reduce its exposure to catastrophe risks, the Munich Re Group applies selective underwriting principles, draws up so-called accumulation budgets and purchases reinsurance and retrocession cover. Nevertheless, claims arising from catastrophes may result in unexpectedly high losses. If catastrophes affecting assets insured by the Munich Re Group continue to occur with the same or higher frequency or have an even greater impact than estimated by the Munich Re Group on the basis of statistical and scientific data, the claims thus incurred may adversely affect the financial condition and results of operations of the Munich Re Group.

If there is a rise in the price or a shortage of capacity on the reinsurance and retrocession markets and a shortage of the capacity for alternative products on the capital markets, it may become more difficult to cede risks written and the Munich Re Group's net claims expenditure may rise accordingly.

In principle, the Munich Re Group only accepts risks in its underwriting activities up to the limits of its own and independent risk bearing capacity. But part of its capital and risk management strategy consists in ceding the primary insurance risks it writes to reinsurance companies and the reinsurance risks it writes to retrocessionaires, and under adverse conditions the Munich Re Group may even be forced to offload risks to third parties. If capacities on the international reinsurance and retrocession markets are scarce and expensive, it may be impossible to transfer these risks to reinsurers or retrocessionaires outside the Munich Re Group or only at unfavourable conditions. The same is true if existing reinsurance and retrocession treaties are terminated or expire in a market environment where reinsurance and retrocession cover is scarce and expensive. This is particularly important in view of the fact that reinsurance and retrocession treaties are often taken out for short periods or with short periods of notice.

In addition to traditional reinsurance and retrocession, the Munich Re Group also has the option of transferring risks to investors on the capital markets via insurance linked securities, derivatives and other instruments. However, the capital markets' ability to absorb such products is currently still relatively limited.

If the capacities for reinsurance, retrocession or alternative products become scarce or more expensive, this may adversely affect the financial condition and results of operations of the Munich Re Group.

A downgrading of the Munich Re Group's ratings and those of its individual companies may have a negative effect on client relations and the financing costs of the Munich Re Group and its companies concerned.

Ratings are of central importance for the Munich Re Group's competitive position. The rating of the Munich Re Group stands since June 2003 at A+ by A.M. Best, since July 2005 at AA- by Fitch, since April 2003 at Aa3 by Moody's and since December 2006 at AA- by Standard & Poor's.

The Issuer expects the rating agencies to continuously monitor the Munich Re Group's financial strength. It cannot be ruled out that there will be downgradings in the future as a result of changes in the development of the Munich Re Group's financial condition and results of operations or because of changes in the assessment of the industry by the rating agencies and in rating methods or a combination of these factors.

Future downgradings may have adverse effects on the sale of the Munich Re Group's products and services, among other things. Lower ratings than those of competitors may impair the acquisition of new business and reduce the competitive edge on the markets. Moreover, downgradings may have an adverse impact on the cost and implementation of capital measures and may lead to the emergence of new obligations or the early maturity of existing ones that depend on the maintenance of a specific rating.

Moreover, the Munich Re Group's ratings affect those of individual companies whose ratings are determined by those of the Munich Re Group. If a subsidiary's ratings fall below a certain threshold, the operative business of the respective subsidiary may be impaired as a result. In particular, downgradings may give rise to new obligations or the early maturity of existing ones that are dependent on a specific rating of the subsidiary concerned. Conversely, a decline in a subsidiary's ratings may also negatively reflect on the result of the Issuer.

A downgrading of both the Issuer's rating and that of its subsidiaries may have a negative effect on the Munich Re Group's financial condition and results of operations.

Exchange rates fluctuations may have an adverse effect on the Munich Re Group's financial condition and results of operations.

The Munich Re Group's consolidated financial statements are denominated in euros. As the Munich Re Group transacts a substantial portion of its business in foreign currency, the Munich Re Group's consolidated financial statements are subject to exchange rate influences resulting from the translation of transactions by subsidiaries outside Germany that do not report in euros. In addition, exchange rate fluctuations affect the financial statements of those group companies that transact business in currencies other than their local currency. Furthermore, exchange rate fluctuations also affect the value of the investments held.

Within the Munich Re Group, in particular the Issuer and a number of its reinsurance subsidiaries write a substantial portion of their business in currencies other than their local currency. Exchange rate gains and

losses from the translation of transactions in foreign currency and of foreign currency assets and liabilities at the balance sheet date to the respective local currency are shown under “other income” and “other expenditure”. To keep the foreign exchange risk as low as possible, those group companies that transact a substantial portion of their business in foreign currency and usually also post a significant amount of foreign currency assets and liabilities follow the principle of currency matching, according to which all relevant currency liabilities in insurance business must be covered with matching items in investments.

The balance sheets of foreign subsidiaries that are not denominated in euros are translated into euros at the rates of exchange applying at the end of the year, whereas the income statements are translated at quarterly average rates. Differences resulting from the translation of the financial statements of foreign subsidiaries to the currency used for the consolidated financial statements are booked under shareholders’ equity without any impact on the income statement. If the euro rises against the local currencies, unrealised translation losses ensue, which lower the Munich Re Group’s shareholders’ equity accordingly. Moreover, in this case, the income, expenditure, assets and liabilities of the foreign subsidiaries fall as a result of foreign currency translation.

The facts described above may have an adverse impact on the financial condition and results of operations of the respective subsidiary and for the Munich Re Group as a whole.

The loss of a number of major clients of the Munich Re Group may have an adverse effect on the business and the results of the Munich Re Group.

The Issuer believes that the Munich Re Group currently is not materially dependent from the business with any one single client. However, the loss by the Munich Re Group of a number of its major clients could lead to a loss in volume of gross premiums written and market share which would have a negative effect on the business and financial condition and results of operations of the Munich Re Group.

The current requirements by the BaFin and other insurance regulators in respect of asset coverage for insurance companies may entail risks for the companies of the Munich Re Group.

According to section 54 of German Insurance Supervision Act (*Versicherungsaufsichtsgesetz — VAG*) assets which are part of the so called guarantee assets (*Sicherungsvermögen*) and the other fixed assets (*gebundenes Vermögen*) must — whilst taking into consideration the type of insurance business conducted by an insurance company and the structure of such insurance company — be invested in a manner so that security, profitability and liquidity of the insurance company and a sufficient spread of risks are given at any time. Additionally, pursuant to section 54b VAG investments of unit-linked life insurance must be made as part of the so called investment fund (*Anlagestock*) in the respective unit. Similar requirements in respect of asset coverage apply in other jurisdictions in which the Munich Re Group operates as an insurance company.

Another BaFin requirement for health insurance companies in respect of asset coverage is the actuarial interest rate (*aktuarieller Unternehmenszins*). Its calculation aims at protecting policyholder’s interests. A failure to meet the actuarial interest rate would have consequences for the competitiveness of the health insurance products of the Munich Re Group in Germany.

In the past several companies of the Munich Re Group failed to meet the required asset coverage criteria in some terms. As at 31 December 2006 all companies of the Munich Re Group met their respective asset coverage criteria to the full extent. However, it cannot be excluded that companies of the Munich Re Group may fail their applicable asset coverage tests in the future which may, for example, restrict them in writing new business or require them to increase their asset coverage, which would have a negative effect on the business and financial condition and results of operations of the Munich Re Group.

If companies in the Munich Re Group fail so-called stress tests, the Munich Re Group may sustain competitive disadvantages.

In its circular letter 30/2002 dated 12 December 2002, BaFin required German primary insurers for the first time to submit their investments to regular stress tests, the first such test to be conducted as at 31 December 2002, and to report the results of the tests to BaFin. In the circular letter 1/2004 the parameters for the stress tests were adapted by the BaFin; with statement dated 18 January 2006 an additional scenario was supplemented which was to be conducted as at 31 December 2006 at first.

The stress tests required by the BaFin, which assess fictitious scenarios and therefore do not reflect the actual solvency of the companies tested, are based on a model developed by the German Insurance Association (*Gesamtverband der deutschen Versicherungswirtschaft e.V.*), the so-called *GDV model*, as detailed in

circular letters concerning stress tests. The GDV model distinguishes between different scenarios: stress test scenario R 10: decline in price of fixed-interest securities –10 per cent., stress test scenario A 35: decline in share prices –35 per cent., stress test scenario RA 25: decline in price of fixed-interest securities –5 per cent. and decline in share prices –20 per cent., as well as stress test scenario AI 28: decline in share prices –20 per cent. und decline in real estate –8 per cent.

According to the BaFin circular letter dated 6/2005 reinsurance companies are also subject to quantitative supervision whereby factual requirements for the implementation of stress test scenarios are given. Within the Issuer stress tests are based on the GDV model for non-life insurers, modified by the specific features of an international active reinsurance company.

In the past several companies of the Munich Re Group failed some of the stress test scenarios. As at 31 December 2006 all companies of the Munich Re Group passed the required stress test scenarios. However, it cannot be excluded that companies of the Munich Re Group may fail their applicable stress tests in the future. Depending on the market environment, a company's failure to pass a stress test may lead to competitive disadvantages and to inquiries on the part of BaFin regarding a primary insurer's risk-bearing capacity and the necessity of measures designed to improve the risk-bearing capacity, such as an injection of capital, which could have a negative effect on the business and financial condition and results of operations of the Munich Re Group.

Similar stress tests are also required by other insurance regulators of countries in which the Munich Re Group conducts its business. A failure to comply with the stress test of such regulators may lead to consequences that could have a negative effect on the business and financial condition and results of operations of the Munich Re Group

The goodwill recorded in the Issuer's consolidated financial statements and the book values shown in the annual financial statements of the Issuer for consolidated affiliated enterprises may necessitate writedowns for impairments.

The acquisition of the Munich Re America Corporation, ERGO and other subsidiaries to be consolidated resulted in goodwill to be recorded in the balance sheet of the Munich Re Group. This goodwill was the difference between the acquisition price paid and the proportionate shareholders' equity plus the proportionate hidden reserves less hidden liabilities of the acquired company. According to the IFRS requirements, in the consolidated financial statements of the Munich Re Group goodwill is not amortised but the value must be reviewed at each balance sheet date. This impairment test may necessitate adjustments that can lead to a reduction in the amount of goodwill recorded.

Presently no indications exist that impairments of material goodwills, especially of Munich Re America Corporation and ERGO, are required. In case of future changed conditions impairments, however, may be required. Impairments could have an adverse impact on the financial condition and results of operations of the Munich Re Group.

The proposed introduction of a current exit value evaluation model under IFRS for the accounting of insurance contracts may lead to a substantially higher volatility of the consolidated results.

The Munich Re Group, pursuant to the IFRS framework, currently accounts for insurance contracts in its consolidated financial statements in accordance with US GAAP because the currently given IFRS regulating the accounting of insurance contracts (IFRS 4) does not regulate the measurement of insurance contracts. In fact, IFRS 4 allows the retention of formerly applied requirements as long as separate requirements in the IFRS are not given.

As matters stand at the moment, the International Accounting Standard Board (IASB) presently develops requirements for the future recognition and measurement of insurance contracts. It is planning to close the gap in regulation by 2009 by introducing a final IFRS for insurance contracts. It is envisaged that this new standard will be adopted by 2011. Based on a discussion paper published by the IASB on 3 May 2007, to date, the future valuing of insurance contracts shall be based on their current exit value, whereby it is not yet resolved whether such value is identical with their fair value.

On the basis of present knowledge, the introduction of this new reporting concept may lead to substantial changes in the existing accounting and valuation methods and place increased demands on current IT environments, products and processes. Moreover, a valuation of these items according to the current exit value method may make insurance companies' results more volatile, which may also lead to higher capital

costs and have a negative effect on share prices. Moreover, any substantial changes in the accounting standards may also affect products and the structure of rates in primary insurance and reinsurance.

The abovementioned developments may adversely affect the financial condition and results of operations of the Munich Re Group.

The value pursuant to IFRS of certain balance sheet assets in the financial statements of the Munich Re Group resulting from insurance contracts is calculated in accordance with actuarial methods. The value of these assets depends on the development of the underlying parameters. Unfavourable developments may lead to writedowns for impairments.

Actuarial methods are used in the balance sheet to calculate the deferred acquisition costs, purchased insurance portfolios and the assets which under certain circumstances result from the mechanism of paying out policyholder bonuses in German life insurance. These calculations include assumptions regarding mortality trends, costs, lapses and above all interest-rate developments. Since these assumptions are projections, actual developments in the periods concerned may deviate from the original assumptions. The value of these assets must be reviewed at each balance sheet date. Writedowns for impairments are called for in the case of decreases in value.

The development of the parameters underlying the calculation may have negative effects on the financial condition and results of operations of the Munich Re Group.

The Munich Re Group is subject to operational risks.

The Munich Re Group is subject to operational risks. For instance, lack of qualified staff may adversely affect its performance and economic reputation. The Munich Re Group makes every effort to retain its employees and hire qualified new staff. Nevertheless it cannot be ruled out that a lack of qualified staff may arise. Moreover, the Munich Re Group is exposed to such widely known IT risks as data loss, business disruptions and interruptions, software implementation risks, viruses, hacker attacks and theft of data as well as data misuse by its own employees. Should such disruptions in operations occur this may have an adverse effect on the financial condition and results of operations of the Munich Re Group.

LEGAL AND TAX-RELATED RISKS

Regulatory and legal changes, as well as other government and judicial actions or trends, may lead to additional costs or otherwise adversely affect the business of the Munich Re Group.

The business of the Munich Re Group is subject to detailed and extensive laws and regulations. The supervisory authorities of the countries in which the Munich Re Group operates have far-reaching powers and possibilities of intervention. Compliance with the laws and regulations and potential changes may give rise to costs or otherwise adversely affect the business of the Munich Re Group. Changes in the laws and regulations governing provisioning for the elderly, labour law, the social security systems, financial services, taxation or securities products and transactions may require restructuring and result in additional expenses. In some countries, changes may also be introduced with retroactive effect.

As an example, the reform of the German Health Insurance System (*Gesundheitsreform*) has recently come into effect and a reform of the German Insurance Contract Law (*Versicherungsvertragsgesetz*) is currently under way. Also, the regulatory authorities of some countries and particularly in some U.S. states have the right, under certain circumstances, to prohibit the payment of dividends and redemption of corporate loans in order to protect policyholders. As a result, the Issuer may receive less funds than expected from its subsidiaries.

Also, the current discussions on a new regime for insurance companies in the EU (*Solvency II*) are ongoing. As those discussions are in a preliminary stage, its potential future impact for capital requirements can currently not be assessed. Within this discussion internal risk models represent a corner stone of the entire regime. Although these discussions have not yet been finalised, the Issuer believes that the approval of its internal risk model will have significant impact on the solvency capital requirements of the Munich Re Group and, therefore, not obtaining the approval may entail additional capital costs, as well as disadvantages in competitiveness and reputation. Today, the Issuer has no doubts that the internal risk model of the Munich Re Group will meet the requirements of the BaFin, however, this may change depending on the final results of the requirements under Solvency II.

Should one or several of the abovementioned risks materialise, the financial condition and results of operations of the Munich Re Group may be adversely affected.

Changes in tax legislation could adversely affect the Munich Re Group's business.

Changes to the tax laws in Germany or abroad may negatively affect the taxation of the Munich Re Group and/or the attractiveness of certain of its products. Reinsurance as well as primary insurance products may be concerned. This could cause a significant decrease in earnings and premiums.

A recent example is the adoption of the Retirement Income Revenue Act (Alterseinkünftegesetz) in Germany in June 2004. Under German tax regulations applicable through 2004, payments received at the maturity of a life insurance policy with a term of at least 12 years and on which premiums have been paid for at least five years were not taxable, and the life insurance premiums were deductible from the insured's income in the year paid, subject to certain limitations. Under the Retirement Income Revenue Act that took effect from 2005, the tax exemption for payments under life insurance has been abolished for new policies written. Instead, half of the interest income from life insurance is taxed as of 2005 provided the insurance runs for at least 12 years and does not mature before age 60. The new law also provides for the introduction of a so called "basic provision scheme" which benefits from favourable tax rules. Since 2005, private pensions are taxed at a lower tax rate. Based on the new "basic provision scheme" and on further improvements relating to private pensions which are additionally provided by the new law, new life insurance and pension products were developed. However, it is still too early to reliably assess the impact on new business.

Significant additional tax liabilities may arise from estimates that turn out to be inaccurate of tax liabilities when accounting for tax provisions, tax refund claims or tax reserves and when adjusting the value of deferred tax items.

The posting of taxation expenses, the establishment of provisions for contingent tax payments and the accounting of tax refund claims are as a rule based on the assumption of actual circumstances and on the interpretation of laws and regulations as well as on court rulings, which are often characterised by particular uncertainties and a leeway in making estimates. The expenses assumed and provisions established may be too low and the refund claims assessed be too high. Further, tax reserves for known and unknown tax risks may be inadequate. Future tax reserve charges could adversely affect future earnings of the Munich Re Group.

As at 31 March 2007, the Munich Re Group posted EUR 5,602 million (31 December 2006: 5,370m) in deferred tax assets and EUR 8,274 million (31 December 2006: 8,156m) in deferred tax liabilities. The calculation of deferred tax assets and liabilities is based on IFRS standards and tax law of a number of different jurisdictions. As a general rule, the calculation of deferred tax assets and liabilities is characterised by particular uncertainties (e.g. assumption of circumstances, interpretation of laws and regulations, court rulings, applied estimates, incomplete calculation). Significant adverse effects may arise from a necessary adjustment of deferred tax assets and liabilities.

The Munich Re Group is exposed to risks from court action and arbitration proceedings, as well as regulatory procedures the outcome of which is uncertain.

Within the scope of their regular business operations — i.e., in their capacity as insurers and asset managers, employers, investors and taxpayers — the companies of the Munich Re Group are involved as claimants or defendants in a number of court, administrative, arbitration and regulatory proceedings, in Germany and other countries, including the United States. It is impossible to determine or predict the outcome of cases pending or threatened.

In particular, in April of 2004, New York State Attorney General Eliot Spitzer started an investigation into the use of Placement or Market Service Agreements (PSAs) into the insurance industry. In the course of the investigation into broker compensation practices, entities from the Munich Re Group also received subpoenas with respect to these investigations. Requests for information from other state Attorneys General and inquiries from state insurance departments have also been received on this issue. Further, the U.S. Securities and Exchange Commission (SEC), the New York Attorney General, the Department of Justice and the States of Georgia and Delaware have also made inquiries to Munich Re Group entities with respect to non-traditional reinsurance products or "loss mitigation insurance products". The Munich Re Group has been cooperating fully with the regulatory inquiries. The Attorneys General of the States of New York, Connecticut and Illinois initiated a settlement discussion to cover issues arising out of both the investigation into "broker compensation practices" and "certain loss mitigation products".

Uncertainties exist presently also as a consequence of the severe hurricanes of 2005, particularly Katrina, where hundreds of lawsuits against diverse insurers are still pending in the affected U.S. states. Plaintiffs with private buildings insurances are attempting to circumvent the exclusion of all flood damage routinely contained in such policies. The fact is that the damage along the coast was caused mainly by the storm surge accompanying Katrina rather than as a direct result of the wind. Despite the good arguments of the insurers (the exclusion of flood damage in private buildings insurance policies has been established practice for years and has been approved by the regulatory authorities) the outcome of the lawsuits is at present difficult to assess, not least owing to public pressure on the insurance industry and the uncertainties inherent in jury decisions. Although the Munich Re Group is currently not a party to any of these lawsuits, it may have to cover damages as reinsurer if the primary insurers are convicted to make damage payments to the plaintiffs.

If the outcome of court cases, arbitration proceedings or regulatory procedures is less favourable for the Munich Re Group than expected or if further procedures are instituted, this could have a negative impact on the Munich Re Group's financial condition and results of operations.

Part C: Conditions of Issue of the Bonds and Use of Proceeds

1. CONDITIONS OF ISSUE OF THE BONDS

THE GERMAN TEXT OF THE CONDITIONS OF ISSUE IS LEGALLY BINDING THE ENGLISH TRANSLATION IS FOR INFORMATION PURPOSES ONLY

DER DEUTSCHE TEXT DIESER ANLEIHEBEDINGUNGEN IST RECHTSVERBINDLICH DIE ENGLISCHE ÜBERSETZUNG DIEN LEDIGLICH INFORMATIONSZWECKEN

ANLEIHEBEDINGUNGEN der	CONDITIONS OF ISSUE of the
€1.500.000.000 nachrangigen, fest bzw. variabel verzinslichen Schuldverschreibungen ohne feste Laufzeit	€1,500,000,000 Undated Subordinated Fixed to Floating Rate Bonds
begeben von der	issued by
Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, München, Bundesrepublik Deutschland	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich, Federal Republic of Germany

§ 1

DEFINITIONEN UND AUSLEGUNG

Soweit aus dem Zusammenhang nicht etwas anderes hervorgeht, haben die nachfolgenden Begriffe in diesen Anleihebedingungen die folgende Bedeutung:

“**Abgezinsten Marktpreis**” hat die in § 5(3) festgelegte Bedeutung.

“**Abgezinste Werte**” hat die in § 5(3) festgelegte Bedeutung.

“**ACZM**” hat die in § 4(7)(a) festgelegte Bedeutung.

“**ACZM Zeitraum**” hat die in § 4(6)(d) festgelegte Bedeutung.

“**Aktien-Zahlungsmechanismus**” hat die in § 4(7)(a) festgelegte Bedeutung.

“**Aktiva**” hat die in § 4(5)(e) festgelegte Bedeutung.

“**Aktivitäten im Zusammenhang mit Aktienbeteiligungsprogrammen**” bezeichnet jeden Kauf, Rückkauf, Ausgabe, Absicherungsgeschäft, Vereinbarung oder vergleichbare Aktivitäten der Emittentin oder einer Konzerngesellschaft in Bezug auf oder in Verbindung mit Arbeitnehmer- oder Führungskräfte- (einschließlich Mitgliedern von Leitungs- und Aufsichtsorganen) Aktienbeteiligungsprogrammen der Emittentin oder einer Konzerngesellschaft jedweder Art (einschließlich, aber nicht beschränkt auf Wertsteigerungsrechte).

“**Aktuelle Kriterien**” hat die in § 5(2)(c) festgelegte Bedeutung.

§ 1

DEFINITIONS AND INTERPRETATION

Unless the context otherwise requires, the following terms shall have the following meanings in these Conditions of Issue:

“**Make-Whole Amount**” has the meaning specified in § 5(3).

“**Present Values**” has the meaning specified in § 5(3).

“**ACSM**” has the meaning specified in § 4(7)(a).

“**ACSM Period**” has the meaning specified in § 4(6)(d).

“**Share Settlement**” has the meaning specified in § 4(7)(a).

“**Assets**” has the meaning specified in § 4(5)(e).

“**Share Participation Activities**” means any purchase, repurchase, issue, hedging, agreement or similar activities by the Issuer or a Group Entity relating to or in connection with any employee share participation or management (including management or supervisory board members) share participation programme of whatsoever nature of the Issuer or any Group Entity (including, but not limited to stock appreciation rights).

“**Current Criteria**” has the meaning specified in § 5(2)(c).

“Aktueller Berichtszeitpunkt” hat die in § 4(5)(f) festgelegte Bedeutung.	“Current Reporting Date” has the meaning specified in § 4(5)(f).
“Angepasster Eigenkapitalbetrag” hat die in § 4(5)(f) festgelegte Bedeutung.	“Adjusted Shareholders’ Equity Amount” has the meaning specified in § 4(5)(f).
“Angepasster Kapitalbetrag” hat die in § 4(5)(f) festgelegte Bedeutung.	“Adjusted Capital Amount” has the meaning specified in § 4(5)(f).
“Angepasste Vergleichbare Rendite” hat die in § 5(3) festgelegte Bedeutung.	“Adjusted Comparable Yield” has the meaning specified in § 5(3).
“Anleihebedingungen” bezeichnet diese Bedingungen der Schuldverschreibungen.	“Conditions of Issue” means these terms and conditions of the Bonds.
“Anleihegläubiger” bezeichnet jeden Inhaber eines Miteigentumsanteils oder -rechts an einer Globalurkunde.	“Bondholder” means any holder of a proportional co-ownership participation or right in a Global Bond.
“Anzuwendende Rechnungslegungsvorschriften” hat die in § 4(5)(f) festgelegte Bedeutung.	“Applicable Accounting Standards” has the meaning specified in § 4(5)(f).
“Ausgesetzte Zinszahlungen” bezeichnet jede Wahlweise Ausgesetzte Zinszahlung oder jede Zwingend Ausgesetzte Zinszahlung.	“Deferred Interest” means any Optional Deferred Interest or any Mandatory Deferred Interest.
“Aufsichtsrechtliches Ereignis” hat die in § 5(2)(c) festgelegte Bedeutung.	“Regulatory Event” has the meaning specified in § 5(2)(c).
“Ausgabetag” bezeichnet den 12. Juni 2007.	“Issue Date” means 12 June 2007.
“Austauschtag” hat die in § 2(2)(b) festgelegte Bedeutung.	“Exchange Date” has the meaning specified in § 2(2)(b).
“Berechnungsstelle” hat die in § 9(3) festgelegte Bedeutung.	“Calculation Agent” has the meaning specified in § 9(3).
“Berechnungszeitraum” hat die in § 4(2)(d) festgelegte Bedeutung.	“Calculation Period” has the meaning specified in § 4(2)(d).
“Bildschirmseite” hat die in § 4(2)(c) festgelegte Bedeutung.	“Screen Page” has the meaning specified in § 4(2)(c).
“Clearingsystem” bezeichnet Clearstream Banking S.A., Luxemburg, und Euroclear Bank S.A./N.V. als Betreiber des Euroclear-Systems.	“Clearing System” means Clearstream Banking S.A., Luxembourg and Euroclear Bank S.A./N.V. as operator of the Euroclear System.
“Dauerglobalurkunde” hat die in § 2(2)(a) festgelegte Bedeutung.	“Permanent Global Bond” has the meaning specified in § 2(2)(a).
“Emittentin” hat die in § 2(1) festgelegte Bedeutung.	“Issuer” has the meaning specified in § 2(1).
“Fälligkeitstag Ausgesetzter Zinszahlungen” bezeichnet jeden Tag, an dem die Zahlung von Ausgesetzten Zinszahlungen fällig ist.	“Deferred Settlement Date” means any date on which payment of Deferred Interest is due.
“Festzins-Betrag” hat die in § 4(1)(b) festgelegte Bedeutung.	“Fixed Interest Amount” has the meaning specified in § 4(1)(b).
“Festzins-Zahlungstag” hat die in § 4(1)(a) festgelegte Bedeutung.	“Fixed Interest Payment Date” has the meaning specified in § 4(1)(a).

“Finanzierungsgesellschaft” bezeichnet jede direkte oder indirekte Tochtergesellschaft der Emittentin, deren Unternehmenszweck in der Aufnahme von Finanzierungsmitteln und deren Weiterleitung an verbundene Unternehmen besteht.

“Früherer Sitz” hat die in § 12(1)(d) festgelegte Bedeutung.

“Geschäftstag” bezeichnet jeden Kalendertag (außer einen Samstag oder einen Sonntag), an dem das TARGET (Trans-European Automated Realtime Gross settlement Express Transfer) System Zahlungen in Euro abwickelt.

“Gleichrangiges Wertpapier“ bezeichnet (i) jedes von der Emittentin begebene Wertpapier, das gleichrangig im Verhältnis zu den Schuldverschreibungen ist und (ii) jedes von der Emittentin garantierte Wertpapier, bei dem die Verpflichtungen der Emittentin aus der maßgeblichen Garantie gleichrangig im Verhältnis zu den Verpflichtungen der Emittentin aus den Schuldverschreibungen sind (allerdings jeweils mit Ausnahme von an Konzerngesellschaften begebenen Wertpapieren).

“Globalurkunden” hat die in § 2(2)(a) festgelegte Bedeutung.

“Gross-up Ereignis” hat die in § 5(2)(c) festgelegte Bedeutung.

“Hauptbörse” hat die in § 4(7)(d) festgelegte Bedeutung.

“Hauptzahlstelle” hat die in § 9(1) festgelegte Bedeutung.

“Kapitalereignis” hat die in § 5(2)(c) festgelegte Bedeutung.

“Konzerngesellschaft” bezeichnet jedes verbundene Unternehmen der Emittentin i.S.v. § 15 Aktiengesetz.

“Kumuliertes Konzernergebnis” hat die in § 4(5)(f) festgelegte Bedeutung.

“Marge” hat die in § 4(2)(c) festgelegte Bedeutung.

“Marktstörung” hat die in § 4(7)(d) festgelegte Bedeutung.

“Münchener-Rück-Gruppe” bezeichnet die Emittentin und sämtliche nach den Bestimmungen des Versicherungsaufsichtsgesetzes (bzw. etwaigen Bestimmungen, die das Versicherungsaufsichtsgesetz ersetzen) zu konsolidierende Konzernunternehmen.

“Finance Subsidiary” means any direct or indirect subsidiary of the Issuer, which has the corporate function of raising financing and passing it on to affiliates.

“Former Residence” has the meaning specified in § 12(1)(d).

“Business Day” means any calendar day (other than a Saturday or a Sunday) on which the TARGET (Trans-European Automated Realtime Gross settlement Express Transfer) system settles payments in Euro.

“Parity Security” means (i) any security issued by the Issuer which ranks *pari passu* with the Bonds, and (ii) any security guaranteed by the Issuer where the Issuer’s obligations under the relevant guarantee rank *pari passu* with the Issuer’s obligations under the Bond (however, in each case, exclusive of securities issued to Group Entities).

“Global Bonds” has the meaning specified in § 2(2)(a).

“Gross-up Event” has the meaning specified in § 5(2)(c).

“Primary Exchange” has the meaning specified in § 4(7)(d).

“Principal Paying Agent” has the meaning specified in § 9(1).

“Capital Event” has the meaning specified in § 5(2)(c).

“Group Entity” means any of the Issuer’s affiliated entities within the meaning of Section 15 of the German Stock Corporation Act (*Aktiengesetz*).

“Accumulated Consolidated Result” has the meaning specified in § 4(5)(f).

“Margin” has the meaning specified in § 4(2)(c).

“Market Disruption Event” has the meaning specified in § 4(7)(d).

“Munich Re Group” means the Issuer and any consolidated group entities within the meaning of the German Law on the Supervision of Insurance Undertakings (*Versicherungsaufsichtsgesetz*) (or, as the case may be, any provisions replacing the Law on the Supervision of Insurance Undertakings).

“Nachfolgebehörde” hat die in § 3(2) festgelegte Bedeutung.

“Nachrangiges Wertpapier” bezeichnet (i) jedes von der Emittentin begebene Wertpapier, das nachrangig im Verhältnis zu den Schuldverschreibungen ist und (ii) jedes von der Emittentin garantierte Wertpapier, bei dem die Verpflichtungen der Emittentin aus der maßgeblichen Garantie nachrangig im Verhältnis zu den Verpflichtungen der Emittentin aus den Schuldverschreibungen sind (allerdings jeweils mit Ausnahme von an Konzerngesellschaften begebenen Wertpapieren).

“Nennbetrag” hat die in § 2(1) festgelegte Bedeutung.

“Neue Emittentin” hat die in § 12(1) festgelegte Bedeutung.

“Neuer Kapitalbetrag” hat die in § 4(5)(f) festgelegte Bedeutung.

“Neuer Sitz” hat die in § 12(1)(d) festgelegte Bedeutung.

“Oberer Schwellenwert” hat die in § 4(7)(c) festgelegte Bedeutung.

“Obligatorischer Zinszahlungstag” hat die in § 4(3) festgelegte Bedeutung.

“Prozentsatz des Aktien-Zahlungsmechanismus” hat die in § 4(7)(b) festgelegte Bedeutung.

“Rechnungslegungsereignis” hat die in § 5(2)(c) festgelegte Bedeutung.

“Referenzbanken” hat die in § 4(2)(c) festgelegte Bedeutung.

“Relevantes Datum” hat die in § 7(2) festgelegte Bedeutung.

“Rückzahlungs-Berechnungstag” hat die in § 5(3) festgelegte Bedeutung.

“Rückzahlungsbetrag” hat die in § 5(3) festgelegte Bedeutung.

“Rückzahlungstag” bezeichnet den Tag, an dem die Schuldverschreibungen nach Maßgabe dieser Anleihebedingungen zur Rückzahlung fällig werden.

“Schuldverschreibungen” hat die in § 2(1) festgelegte Bedeutung.

“Solvabilitätsereignis” hat die in § 4(5)(e) festgelegte Bedeutung.

“Successor Authority” has the meaning specified in § 3(2).

“Junior Security” means (i) any security issued by the Issuer which ranks junior to the Bonds and (ii) any security guaranteed by the Issuer where the Issuer’s obligations under the relevant guarantee are subordinated to the Issuer’s obligations under the Bonds (however, in each case, exclusive of securities issued to Group Entities).

“Principal Amount” has the meaning specified in § 2(1).

“Substituted Debtor” has the meaning specified in § 12(1).

“New Capital Amount” has the meaning specified in § 4(5)(f).

“New Residence” has the meaning specified in § 12(1)(d).

“Upper Threshold” has the meaning specified in § 4(7)(c).

“Compulsory Interest Payment Date” has the meaning specified in § 4(3).

“Share Settlement Percentage” has the meaning specified in § 4(7)(b).

“Accounting Event” has the meaning specified in § 5(2)(c).

“Reference Banks” has the meaning specified in § 4(2)(c).

“Relevant Date” has the meaning specified in § 7(2).

“Redemption Calculation Date” has the meaning specified in § 5(3).

“Redemption Amount” has the meaning specified in § 5(3).

“Redemption Date” means the day on which the Bonds become due for redemption in accordance with these Conditions of Issue.

“Bonds” has the meaning specified in § 2(1).

“Solvency Event” has the meaning specified in § 4(5)(e).

Part C: Conditions of Issue of the Bonds and Use of Proceeds

“Solvabilitätsfehlbetrag” hat die in § 4(5)(e) festgelegte Bedeutung.	“Solvency Shortfall” has the meaning specified in § 4(5)(e).
“Statthafte Pflichtwandelanleihe” hat die in § 4(5)(f) festgelegte Bedeutung.	“Qualifying Mandatory Convertible” has the meaning specified in § 4(5)(f).
“Steuerereignis” hat die in § 5(2)(c) festgelegte Bedeutung.	“Tax Event” has the meaning specified in § 5(2)(c).
“Überschussbetrag” hat die in § 4(5)(f) festgelegte Bedeutung.	“Mandatory Shortfall” has the meaning specified in § 4(5)(f).
“Unterer Schwellenwert” hat die in § 4(7)(c) festgelegte Bedeutung.	“Lower Threshold” has the meaning specified in § 4(7)(c).
“Variabler Zinsbetrag” hat die in § 4(2)(d) festgelegte Bedeutung.	“Floating Interest Amount” has the meaning specified in § 4(2)(d).
“Variabler Zinszahlungstag” ist, vorbehaltlich § 4(2)(b), der 12. März, 12. Juni, 12. September und 12. Dezember eines jeden Jahres beginnend mit dem 12. September 2017 (einschließlich).	“Floating Interest Payment Date” means, subject to § 4(2)(b), 12 March, 12 June, 12 September and 12 December in each year, commencing on and including 12 September 2017.
“Variabler Zinszeitraum” bezeichnet jeweils die Zeiträume vom 12. Juni 2017 (einschließlich) bis zum ersten Variablen Zinszahlungstag (ausschließlich) und danach von jedem Variablen Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Variablen Zinszahlungstag (ausschließlich).	“Floating Interest Period” means each period from and including 12 June 2017 to but excluding the first Floating Interest Payment Date and, thereafter, from and including each Floating Interest Payment Date to but excluding the immediately following Floating Interest Payment Date.
“Verbindlichkeiten” hat die in § 4(5)(e) festgelegte Bedeutung.	“Liabilities” has the meaning specified in § 4(5)(e).
“Vereinbarungen” hat die in § 12(1)(b) festgelegte Bedeutung.	“Documents” has the meaning specified in § 12(1)(b).
“Vereinigte Staaten” hat die in § 2(2)(b) festgelegte Bedeutung.	“United States” has the meaning specified in § 2(2)(b).
“Vorläufige Globalurkunde” hat die in § 2(2)(a) festgelegte Bedeutung.	“Temporary Global Bond” has the meaning specified in § 2(2)(a).
“Vergangener Berichtszeitpunkt” hat die in § 4(5)(f) festgelegte Bedeutung.	“Lagged Reporting Date” has the meaning specified in § 4(5)(f).
“Vergleichsberichtszeitpunkt” hat die in § 4(5)(f) festgelegte Bedeutung.	“Benchmark Reporting Date” has the meaning specified in § 4(5)(f).
“Vorrangige Gläubiger” hat die in § 4(5)(e) festgelegte Bedeutung.	“Senior Creditors” has the meaning specified in § 4(5)(e).

“**Vorrangiges Wertpapier**” bezeichnet (i) jedes von der Emittentin begebene Wertpapier oder jede andere maßgebliche Verpflichtung, die vorrangig im Verhältnis zu den Schuldverschreibungen ist (einschließlich, aber nicht beschränkt auf Verpflichtungen gegenüber Versicherungsnehmern und Verpflichtungen gegenüber Gläubigern nicht nachrangiger bzw. befristeter nachrangiger Forderungen) und (ii) jedes von der Emittentin garantierte Wertpapier, bei dem die Verpflichtungen der Emittentin aus der maßgeblichen Garantie vorrangig im Verhältnis zu den Verpflichtungen der Emittentin aus den Schuldverschreibungen sind (allerdings jeweils mit Ausnahme von an Konzerngesellschaften begebenen Wertpapieren).

“**Wahlweise Ausgesetzte Zinszahlungen**” hat die in § 4(4)(a) festgelegte Bedeutung.

“**Wahlweiser Zinszahlungstag**” hat die in § 4(3) festgelegte Bedeutung.

“**Wertpapier-Zahlungsmechanismus**” hat die in § 4(7)(a) festgelegte Bedeutung.

“**Zahlstelle**” hat die in § 9(2) festgelegte Bedeutung.

“**Zahlungs-Aktien**” hat die in § 4(7)(a) festgelegte Bedeutung.

“**Zahlungs-Wertpapiere**” hat die in § 4(7)(a) festgelegte Bedeutung.

“**Zinsbetrag**” bezeichnet den Festzins-Betrag oder den Variablen Zinsbetrag.

“**Zinsfestlegungstag**” hat die in § 4(2)(c) festgelegte Bedeutung.

“**Zinssatz**” hat die in § 4(2)(c) festgelegte Bedeutung.

“**Zinstagequotient**” hat die in § 4(2)(d) festgelegte Bedeutung.

“**Zinszahlungstag**” bezeichnet jeden Festzins-Zahlungstag und jeden Variablen Zinszahlungstag.

“**Zwingender Aussetzungsgrund**” hat die in § 4(5)(f) festgelegte Bedeutung.

“**Zwingend Ausgesetzte Zinszahlungen**” bezeichnet jeden nach § 4(5)(a) bzw. (b) ausgesetzten Betrag.

“**Senior Security**” means (i) any security issued by the Issuer or any other relevant obligation which ranks senior to the Bonds (including, but not limited to obligations to policyholders and obligations owed to unsubordinated and/or dated subordinated creditors) and (ii) any security guaranteed by the Issuer where the Issuer’s obligations under the relevant guarantee rank senior to the Issuer’s obligations under the Bonds (however, in each case, exclusive of securities issued to Group Entities).

“**Optional Deferred Interest**” has the meaning specified in § 4(4)(a).

“**Optional Interest Payment Date**” has the meaning specified in § 4(3).

“**Security Settlement**” has the meaning specified in § 4(7)(a).

“**Paying Agent**” has the meaning specified in § 9(2).

“**Payment Shares**” has the meaning specified in § 4(7)(a).

“**Placement Securities**” has the meaning specified in § 4(7)(a).

“**Interest Amount**” means the Fixed Interest Amount or the Floating Interest Amount.

“**Interest Determination Date**” has the meaning specified in § 4(2)(c).

“**Rate of Interest**” has the meaning specified in § 4(2)(c).

“**Day Count Fraction**” has the meaning specified in § 4(2)(d).

“**Interest Payment Date**” means any Fixed Interest Payment Date and any Floating Interest Payment Date.

“**Mandatory Deferral Event**” has the meaning specified in § 4(5)(f).

“**Mandatory Deferred Interest**” means any amounts deferred under § 4(5)(a) or (b).

§ 2
NENNBETRAG UND STÜCKELUNG;
VERBRIEFUNG; VERWAHRUNG;
ÜBERTRAGBARKEIT

(1) **Nennbetrag und Stückelung**

Die Emission der nachrangigen, fest bzw. variabel verzinslichen Schuldverschreibungen ohne feste Laufzeit der Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, München, Bundesrepublik Deutschland (die “**Emittentin**”) ist eingeteilt in 30.000 an den Inhaber zahlbare Schuldverschreibungen (die “**Schuldverschreibungen**”; dieser Begriff umfasst sämtliche weiteren Schuldverschreibungen, die gemäß § 10 begeben werden und eine einheitliche Serie mit den Schuldverschreibungen bilden) mit einem Nennbetrag von jeweils € 50.000 (in Worten: Euro fünfzigtausend) (der “**Nennbetrag**”) im Gesamtnennbetrag von €1.500.000.000 (in Worten: Euro eine Milliarde fünfhundert Millionen).

(2) **Vorläufige Globalurkunden — Austausch — Dauerglobalurkunden**

(a) Die Schuldverschreibungen sind anfänglich durch eine oder mehrere vorläufige Globalurkunden (jede eine “**Vorläufige Globalurkunde**”) ohne Zinsscheine verbrieft. Jede Vorläufige Globalurkunde wird gegen eine Dauerglobalurkunde (jede eine “**Dauerglobalurkunde**”; die Vorläufigen Globalurkunden und die Dauerglobalurkunden zusammen die “**Globalurkunden**”) ohne Zinsscheine ausgetauscht. Jede Vorläufige Globalurkunde und jede Dauerglobalurkunde trägt die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist jeweils von der Hauptzahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

§ 2
PRINCIPAL AMOUNT AND DENOMINATION;
FORM; DEPOSIT; TRANSFERABILITY

(1) **Principal Amount and Denomination**

The issue of the undated subordinated fixed to floating rate bonds by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich, Federal Republic of Germany (the “**Issuer**”) is divided into 30,000 bonds (the “**Bonds**”; this term includes any further Bonds issued pursuant to § 10 that form a single series with the Bonds) payable to bearer, with a principal amount of €50,000 (in words: euro fifty thousand) each (the “**Principal Amount**”) in the aggregate principal amount of €1,500,000,000 (in words: euro one billion five hundred million).

(2) **Temporary Global Bonds — Exchange — Permanent Global Bonds**

(a) The Bonds are initially represented by one or more temporary global bonds (each a “**Temporary Global Bond**”) without interest coupons. Each Temporary Global Bond will be exchanged for a permanent global bond (each a “**Permanent Global Bond**”; the Temporary Global Bonds and the Permanent Global Bonds together the “**Global Bonds**”) without interest coupons. Each Temporary Global Bond and each Permanent Global Bond shall be signed manually by two authorised signatories of the Issuer and shall be authenticated by or on behalf of the Principal Paying Agent. Definitive bonds and interest coupons shall not be issued.

(b) Jede Vorläufige Globalurkunde wird an einem Tag (der “Austauschtag”), der nicht mehr als 180 Kalendertage nach dem Ausgabetag liegt, gegen die entsprechende Dauerglobalurkunde ausgetauscht. Der Austausch tag darf nicht vor Ablauf von 40 Kalendertagen nach dem Ausgabetag liegen. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen über das Nichtbestehen U.S.-amerikanischen wirtschaftlichen Eigentums (U.S. beneficial ownership) an den Schuldverschreibungen, die nach Inhalt und Form den Anforderungen des Rechts der Vereinigten Staaten und den dann bestehenden Usancen des Clearingsystems entsprechen, erfolgen. Solange die Schuldverschreibungen durch Vorläufige Globalurkunden verbrieft sind, werden Zinszahlungen erst nach Vorlage dieser Bescheinigungen vorgenommen. Für jede Zinszahlung ist eine gesonderte Bescheinigung erforderlich.

“Vereinigte Staaten” bezeichnet die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und der Northern Mariana Islands).

(3) Clearingsystem

Die Globalurkunden werden von der Deutsche Bank AG, Frankfurt am Main, als gemeinsamer Verwahrstelle für das Clearingsystem verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

(4) Übertragbarkeit

Den Anleihegläubigern stehen Miteigentumsanteile oder -rechte an den Globalurkunden zu, die nach Maßgabe des anwendbaren Rechts und der jeweils geltenden Regelwerke des Clearingsystems übertragen werden können.

(b) Each Temporary Global Bond shall be exchanged for the relevant Permanent Global Bond on a date (the “Exchange Date”) not later than 180 calendar days after the Issue Date. The Exchange Date shall not be earlier than 40 calendar days after the Issue Date. Such exchange shall only be made upon delivery of certifications as to non U.S. beneficial ownership of the Bonds, the contents and form of which shall correspond to the applicable requirements of the laws of the United States and the then prevailing standard practises of the Clearing System. Payment of interest on Bonds represented by a Temporary Global Bond shall be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest.

“United States” means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(3) Clearing System

The Global Bonds shall be kept in custody by Deutsche Bank AG, Frankfurt am Main as common depositary for the Clearing System until all obligations of the Issuer under the Bonds have been satisfied.

(4) Transferability

The Bondholders shall receive proportional co-ownership participations or rights in the Global Bonds that are transferable in accordance with applicable law and applicable rules of the Clearing System.

§ 3

STATUS DER SCHULDVERSCHREIBUNGEN;
KEINE SICHERHEITEN;
AUFRECHNUNGSVERBOT

(1) Status der Schuldverschreibungen

Die Schuldverschreibungen begründen direkte, nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die gegenüber Vorrangigen Wertpapieren nachrangig, untereinander und mit Gleichrangigen Wertpapieren gleichrangig und gegenüber Nachrangigen Wertpapieren vorrangig sind, soweit zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten nicht im Rang besser stellen. Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Vergleichs oder anderer der Abwendung der Insolvenz der Emittentin dienender Verfahren gehen die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen im Rang den Ansprüchen aller Inhaber Vorrangiger Wertpapiere nach, so dass in diesen Fällen Zahlungen auf die Schuldverschreibungen solange nicht erfolgen, wie die Ansprüche aller nicht nachrangigen Gläubiger und aller Gläubiger befristeter nachrangiger Ansprüche gegen die Emittentin nicht zuerst vollständig befriedigt sind.

(2) Hinweis nach § 53c Absatz 3b Satz 4
Versicherungsaufsichtsgesetz

Nachträglich können weder der Nachrang gemäß § 3(1) beschränkt, noch die Laufzeit der Schuldverschreibungen verändert werden. Eine Rückerstattung ist der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, sofern die Emittentin nicht aufgelöst wurde oder sofern nicht der Betrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. eine Nachfolgebehörde der Rückerstattung zustimmt.

“Nachfolgebehörde” ist jede Behörde, die in ihrer Funktion der Bundesanstalt für Finanzdienstleistungsaufsicht nachfolgen oder sie ersetzen wird.

(3) Keine Sicherheiten

Für die Rechte der Anleihegläubiger aus den Schuldverschreibungen ist diesen keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

§ 3

STATUS OF THE BONDS;
NO SECURITY; PROHIBITION OF SET-OFF

(1) Status of the Bonds

The obligations of the Issuer under the Bonds constitute direct, unsecured and subordinated obligations of the Issuer ranking junior to Senior Securities, *pari passu* among themselves and with Parity Securities and senior to Junior Securities, except for any subordinated obligations required to be preferred by mandatory provisions of law. In the event of the liquidation, dissolution or insolvency of the Issuer or composition or other proceedings for the avoidance of insolvency of the Issuer, the obligations of the Issuer under the Bonds shall be subordinated to the claims of all holders of Senior Securities so that in any such event no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated creditors and dated subordinated creditors of the Issuer shall have first been satisfied in full.

(2) Note pursuant to § 53c paragraph 3b sentence 4
of the Law on the Supervision of Insurance
Undertakings

No subsequent agreement may limit the subordination pursuant to § 3(1) or amend the maturity in respect of the Bonds. Any amounts redeemed must be returned to the Issuer irrespective of any agreement to the contrary unless the Issuer has not been dissolved, or the amount paid has been replaced by other capital of at least equal status, or the Federal Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or, as the case may be, a Successor Authority has consented to such redemption.

“Successor Authority” is each authority that will be the functional successor of the Federal Financial Services Supervisory Authority.

(3) No security

No security is, or shall at any time be, granted by the Issuer or any other person securing rights of the Bondholders under the Bonds.

(4) Aufrechnungsverbot

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, mögliche Forderungen gegen Anleihegläubiger mit ihren Verbindlichkeiten aus den Schuldverschreibungen aufzurechnen.

§ 4

**ZINSEN; OBLIGATORISCHE
ZINSAUSETZUNG; WAHLWEISE
ZINSAUSETZUNG; ZWINGENDE
ZINSAUSETZUNG; ERSATZWEISE
ERFÜLLUNG; ERLÖSCHEN AUSGESETZTER
ZINSEN**

(1) Festzinszahlungen

Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 werden Zinsen auf die Schuldverschreibungen vom Ausgabetag (einschließlich) bis zum 12. Juni 2017 (ausschließlich) wie folgt gezahlt:

- (a) Die Schuldverschreibungen werden mit jährlich 5,767% auf ihren Nennbetrag verzinst. Diese Zinsen sind nachträglich jährlich am 12. Juni eines jeden Jahres (jeder ein "Festzins-Zahlungstag"), erstmals am 12. Juni 2008 fällig.
- (b) Die an dem jeweiligen Festzins-Zahlungstag zu zahlenden Zinsen je Schuldverschreibung (der "Festzins-Betrag") ergeben sich aus der Multiplikation von 5,767% mit dem maßgeblichen Nennbetrag je Schuldverschreibung. Der daraus resultierende Betrag wird auf den nächsten Eurocent auf- oder abgerundet, wobei 0,5 oder mehr eines Eurocents aufgerundet werden. Zinsen, die auf einen vor dem 12. Juni 2017 liegenden Zeitraum von weniger als einem Jahr zu berechnen sind, werden auf Basis der tatsächlich verstrichenen Kalendertage im maßgeblichen Zeitraum geteilt durch die tatsächliche Anzahl der Tage im betreffenden Jahr (365 oder 366) berechnet.

(2) Zinszahlungen für Variable Zinszeiträume

Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der weiteren Bestimmungen dieses § 4 werden Zinsen auf die Schuldverschreibungen vom 12. Juni 2017 (einschließlich) bis zum Rückzahlungstag (ausschließlich) wie folgt gezahlt:

(4) Prohibition of set-off

No Bondholder may set off any claims arising under the Bonds against any claims that the Issuer may have against the Bondholder. The Issuer may not set off any claims it may have against any Bondholder against any of its obligations under the Bonds.

§ 4

**INTEREST; COMPLUSORY INTEREST
PAYMENTS; OPTIONAL INTEREST
DEFERRAL; MANDATORY INTEREST
DEFERRAL; ALTERNATIVE SATISFACTION OF
BONDHOLDERS; CANCELLATION OF
DEFERRED INTEREST**

(1) Fixed Interest Payments

Unless previously redeemed in accordance with these Conditions of Issue and subject to the further provisions of this § 4, interest on the Bonds from and including the Issue Date to, but excluding, 12 June 2017 shall be paid as follows:

- (a) The Bonds bear interest at the rate of 5.767 per cent. *per annum* on their Principal Amount. Such interest shall be payable annually in arrears on 12 June of each year (each a "Fixed Interest Payment Date"), commencing on 12 June 2008.
- (b) Interest payable per Bond on the respective Fixed Interest Payment Date ("Fixed Interest Amount") shall be calculated by multiplying 5.767 per cent. by the relevant Principal Amount per Bond and rounding the resulting figure to the nearest Eurocent, with 0.5 or more of a Eurocent being rounded upwards. If interest is to be calculated for a period of less than one year ending prior to 12 June 2017, it shall be calculated on the basis of the actual number of calendar days in the relevant period divided by the actual number of days in the relevant year (365 or 366).

(2) Interest Payments for Floating Interest Periods

Unless previously redeemed in accordance with these Conditions of Issue and subject to the further provisions of this § 4, interest on the Bonds shall be paid from and including 12 June 2017 to, but excluding, the Redemption Date as follows:

- (a) Die Schuldverschreibungen werden in Höhe des von der Berechnungsstelle gemäß § 4(2)(d) festgesetzten Zinssatzes verzinst, wobei die Zinsen jeweils vierteljährlich nachträglich an jedem Variablen Zinszahlungstag gezahlt werden.
- (a) The Bonds shall bear interest at a rate determined by the Calculation Agent pursuant to § 4(2)(d) below, payable quarterly in arrears on each Floating Interest Payment Date.
- (b) Falls ein Variabler Zinszahlungstag auf einen Kalendertag fallen würde, der kein Geschäftstag ist, wird der Variable Zinszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall fällt der betreffende Variable Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag.
- (b) If any Floating Interest Payment Date would otherwise fall on a calendar day which is not a Business Day, the Floating Interest Payment Date shall be postponed to the next calendar day which is a Business Day unless it would thereby fall into the next calendar month, in which case the relevant Floating Interest Payment Date shall be the immediately preceding Business Day.
- (c) Der Zinssatz (der “Zinssatz”) für jeden Variablen Zinszeitraum ist, sofern nachstehend nichts Abweichendes bestimmt ist, der Angebotsatz (ausgedrückt als Prozentsatz pro Jahr) für Dreimonats-Einlagen in Euro für den jeweiligen Variablen Zinszeitraum, der am Zinsfestlegungstag um 11:00 Uhr (Brüsseler Ortszeit) auf der Bildschirmseite angezeigt wird, zuzüglich der Marge, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.
- (c) The rate of interest (“Rate of Interest”) for each Floating Interest Period shall, except as provided below, be the offered quotation (expressed as a percentage rate *per annum*) for three-month deposits in Euro for that Floating Interest Period which appears on the Screen Page as of 11:00 a.m. Brussels time on the Interest Determination Date, plus the Margin, all as determined by the Calculation Agent.

Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird dort kein Angebotsatz angezeigt, wird die Berechnungsstelle von vier von ihr ausgewählten Referenzbanken deren jeweilige Angebotsätze gegenüber erstklassigen Banken im Interbanken-Markt in den Teilnehmerstaaten der dritten Stufe der Wirtschafts- und Währungsunion im Sinne des Vertrages über die Europäische Union für Dreimonats-Einlagen in Euro in einer für den jeweiligen Markt zu diesem Zeitpunkt üblichen Größenordnung für Einzeltransaktionen für den betreffenden Variablen Zinszeitraum (jeweils als Prozentsatz pro Jahr ausgedrückt) anfordern. Maßgeblich sind die Angebotsätze gegen 11:00 Uhr (Brüsseler Ortszeit) am betreffenden Zinsfestlegungstag. Sofern zwei oder mehr der ausgewählten Referenzbanken der Berechnungsstelle solche Angebotsätze nennen, ist der Zinssatz für den betreffenden Variablen Zinszeitraum das arithmetische Mittel der jeweiligen Angebotsätze (falls erforderlich, auf oder abgerundet auf das nächste ein tausendstel Prozent, wobei 0,0005 aufgerundet wird), zuzüglich der Marge.

If the Screen Page is not available or if no such quotation is available the Calculation Agent shall request four Reference Banks selected by it to provide the Calculation Agent with their offered quotations (expressed as a percentage rate *per annum*) for the relevant Floating Interest Period in an amount that is representative for a single transaction in the relevant market at the relevant time to leading banks in the interbank market of the participating Member States in the third stage of the Economic and Monetary Union, as contemplated by the Treaty on European Union, for three-month deposits in Euro. The relevant offered quotations shall be those offered at approximately 11:00 a.m. Brussels time on the relevant 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 (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards), plus the Margin.

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, am letzten Kalendertag vor dem Zinsfestlegungstag, an dem ein solcher Angebotssatz bzw. solche Angebotssätze angezeigt wurde(n), zuzüglich der Marge.

“**Bildschirmseite**” bezeichnet die Reuters Seite EURIBOR01 (oder eine andere Bildschirmseite von Reuters oder einem anderen Informationsanbieter, die die Reuters Seite EURIBOR01 zur Anzeige solcher Zinssätze ersetzt).

Die “**Marge**” beträgt 1,04% pro Jahr zuzüglich eines Aufschlags von 1,00 Prozentpunkt.

“**Referenzbanken**” sind die Niederlassungen von nicht weniger als vier Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes benutzt wurden und zwar zu dem Zeitpunkt, zu dem der maßgebliche Angebotssatz letztmals auf der Bildschirmseite angezeigt wurde.

“**Zinsfestlegungstag**” ist der zweite Geschäftstag vor Beginn des jeweiligen Variablen Zinszeitraums.

- (d) Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zinsfestlegungstag den Zinssatz für jede Schuldverschreibung bestimmen und die auf jede Schuldverschreibung zahlbaren Zinsen für den entsprechenden Variablen Zinszeitraum (der “**Variable Zinsbetrag**”) berechnen. Der jeweilige Variable Zinsbetrag ergibt sich aus der Multiplikation des relevanten Zinssatzes mit dem Zinstagequotienten und dem Nennbetrag je Schuldverschreibung. Der daraus resultierende Betrag wird auf den nächsten Eurocent auf- oder abgerundet, wobei 0,5 oder mehr eines Eurocents aufgerundet werden.

“**Zinstagequotient**” bezeichnet im Hinblick auf die Berechnung des Variablen Zinsbetrages für einen Variablen Zinszeitraum oder einen Teil davon (der “**Berechnungszeitraum**”) die tatsächliche Anzahl von Kalendertagen im Berechnungszeitraum geteilt durch 360.

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 calendar day preceding the Interest Determination Date on which such quotation or, as the case may be, quotations were displayed, plus the Margin.

“**Screen Page**” means Reuters Page EURIBOR01 (or such other screen page of Reuters or such other information service, which is the successor to Reuters Page EURIBOR01 for the purpose of displaying such interest rates).

“**Margin**” means 1.04 per cent. per annum plus a step-up of 1.00 percentage point.

“**Reference Banks**” means those offices of not less than four banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page.

“**Interest Determination Date**” means the second Business Day prior to the commencement of the relevant Floating Interest Period.

- (d) The Calculation Agent shall, on or as soon as practicable after each Interest Determination Date, determine the Rate of Interest for each Bond and calculate the amount of interest payable per Bond for the relevant Floating Interest Period (the “**Floating Interest Amount**”). Each Floating Interest Amount shall be calculated by multiplying the relevant Rate of Interest with the Day Count Fraction and the Principal Amount per Bond and rounding the resulting figure to the nearest Eurocent with 0.5 or more of a Eurocent being rounded upwards.

“**Day Count Fraction**” means, in respect of the calculation of the Floating Interest Amount for any Floating Interest Period or part thereof (the “**Calculation Period**”), the actual number of calendar days in the Calculation Period divided by 360.

- (e) Die Berechnungsstelle wird veranlassen, dass der Zinssatz und der Variable Zinsbetrag für den jeweiligen Variablen Zinszeitraum, jeder Variable Zinszeitraum und der betreffende Variable Zinszahlungstag 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 deren Feststellung folgenden Geschäftstag mitgeteilt werden.
- (e) The Calculation Agent will cause the Rate of Interest and Floating 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 listed from time to time, to such exchange, and to the Bondholders in accordance with § 11 without undue delay, but, in any case, not later than on the fourth Business Day after their determination.
- (f) Sämtliche Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Angebote und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieser Anleihebedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten oder ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Anleihegläubiger und die Zahlstellen bindend.
- (f) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions of Issue by the Calculation Agent shall (in the absence of wilful default or manifest error) be binding upon the Issuer, the Bondholders and the Paying Agents.

(3) Obligatorische Zinszahlungen

Zinsen, die während eines Zeitraumes auflaufen, der an einem Obligatorischen Zinszahlungstag (ausschließlich) endet, sind an diesem Obligatorischen Zinszahlungstag zahlbar. Die Emittentin ist nach eigenem Ermessen berechtigt, eine solche Zinszahlung an einem Obligatorischen Zinszahlungstag aus Mitteln zu leisten, die aus der Durchführung von ACZM nach Maßgabe von § 4(7) vor einem solchen Obligatorischen Zinszahlungstag stammen.

“**Obligatorischer Zinszahlungstag**” bezeichnet jeden Zinszahlungstag, der kein Wahlweiser Zinszahlungstag ist und an dem weder ein Solvabilitätsereignis noch ein Zwingender Aussetzungsgrund eingetreten ist oder andauert.

“**Wahlweiser Zinszahlungstag**” bezeichnet jeden Zinszahlungstag, an dem die nachfolgend aufgeführten Kriterien eingetreten sind und an dem weder ein Solvabilitätsereignis noch ein Zwingender Aussetzungsgrund eingetreten ist oder andauert:

(3) Compulsory Interest Payments

Interest which accrues during a period ending on (but excluding) a Compulsory Interest Payment Date shall be payable on that Compulsory Interest Payment Date. The Issuer may elect in its discretion to satisfy any such interest payment to be made on a Compulsory Interest Payment Date by funds raised from ACSM in accordance with § 4(7) prior to such Compulsory Interest Payment Date.

“**Compulsory Interest Payment Date**” means any Interest Payment Date which is not an Optional Interest Payment Date and on which neither a Solvency Event nor a Mandatory Deferral Event has occurred or is continuing.

“**Optional Interest Payment Date**” means any Interest Payment Date in respect of which the following criteria are met and on which neither a Solvency Event nor a Mandatory Deferral Event has occurred or is continuing:

- (i) während der diesem Zinszahlungstag unmittelbar vorausgehenden zwölf (12) Monate wurden für keine Aktiengattung der Emittentin Dividenden, sonstige Ausschüttungen oder Zahlungen (einschließlich Zahlungen zum Zweck des Rückkaufs von eigenen Aktien, mit Ausnahme von Zahlungen, die im Rahmen von Aktivitäten im Zusammenhang mit Aktienbeteiligungsprogrammen geleistet wurden) wirksam beschlossen, gezahlt oder vorgenommen (ausgenommen sind Dividenden, sonstige Ausschüttungen oder Zahlungen, die zwischen Konzerngesellschaften geleistet wurden); und
- (ii) während der diesem Zinszahlungstag unmittelbar vorausgehenden zwölf (12) Monate wurden weder Zinsen noch sonstige Ausschüttungen oder Zahlungen (einschließlich Zahlungen zum Zweck der Rückzahlung oder des Rückkaufs) auf ein Gleichrangiges Wertpapier oder ein Nachrangiges Wertpapier wirksam beschlossen, gezahlt oder vorgenommen (ausgenommen sind solche Zahlungen auf ein Gleichrangiges Wertpapier oder Nachrangiges Wertpapier oder Aktien, die selbst durch vorhergehende Zahlung von Zinsen, Dividenden oder sonstigen Ausschüttungen oder die Rückzahlung oder den Rückkauf von Gleichrangigen Wertpapieren, Nachrangigen Wertpapieren oder Aktien ausgelöst wurden oder solche Zinsen, sonstigen Ausschüttungen oder Zahlungen, die zwischen Konzerngesellschaften geleistet wurden).
- (4) **Wahlweise Aussetzung von Zinszahlungen**
- (a) Zinsen, die während eines Zeitraumes auflaufen, der an einem Wahlweisen Zinszahlungstag (ausschließlich) endet, werden an diesem Wahlweisen Zinszahlungstag fällig und zahlbar, es sei denn, dass sich die Emittentin entscheidet, die Zinszahlungen auszusetzen. Nach dieser Maßgabe nicht fällig und zahlbar gewordene Zinsen sind **“Wahlweise Ausgesetzte Zinszahlungen”**. Im Falle einer Teilzahlung gilt jeder an diesem Wahlweisen Zinszahlungstag nicht gezahlte Zins als eine Wahlweise Ausgesetzte Zinszahlung. Eine Nichtzahlung an einem Wahlweisen Zinszahlungstag begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder aus sonstigen Gründen. Wahlweise Ausgesetzte Zinszahlungen werden nicht verzinst.
- (i) no dividend, other distribution or payment (including payments for the purposes of a repurchase of shares provided that payments which have been made in connection with Share Participation Activities shall be excluded) was validly resolved on, paid or made in respect of any class of shares of the Issuer since the last twelve (12) months immediately preceding such Interest Payment Date (except such dividend, other distribution or payment is made between Group Entities); and
- (ii) no interest, other distribution or payment (including payments for the purposes of a redemption or repurchase) has been validly resolved on, paid or made in respect of any Parity Securities or Junior Securities (except where such payment has itself been triggered by the previous payment of interest, dividends or other distributions, as the case may be, on Parity Securities, Junior Securities or shares or by the redemption or repurchase of any Parity Securities, Junior Securities or shares) since the last twelve (12) months immediately preceding such Interest Payment Date (except such interest, other distribution or payment is made between Group Entities).
- (4) **Optional deferral of interest payments**
- (a) Interest which accrues during a period ending on (but excluding) an Optional Interest Payment Date shall be due and payable on that Optional Interest Payment Date unless the Issuer elects to defer the interest; interest thus not due and payable shall constitute **“Optional Deferred Interest”**. In the event of a partial payment, any interest not paid on such Optional Interest Payment Date shall constitute Optional Deferred Interest. Failure to pay interest on an Optional Interest Payment Date shall not constitute a default of the Issuer or any other breach of obligations under the Bonds or for any other purpose. Optional Deferred Interest shall not itself bear interest.

Sofern die Emittentin entscheidet, eine Zinszahlung an einem Wahlweisen Zinszahlungstag zu leisten, ist die Emittentin nach eigenem Ermessen berechtigt, eine solche Zinszahlung an einem Wahlweisen Zinszahlungstag aus Mitteln zu leisten, die aus der Durchführung von ACZM nach Maßgabe von § 4(7) vor einem solchen Wahlweisen Zinszahlungstag stammen.

In the case the Issuer elects to pay interest on an Optional Interest Payment Date, the Issuer may elect in its discretion to satisfy any interest payment on an Optional Interest Payment Date by funds raised from ACSM in accordance with § 4(7) prior to such Optional Interest Payment Date.

- (b) Soweit die Emittentin entscheidet, an einem Wahlweisen Zinszahlungstag den Zinsbetrag nicht oder nur teilweise zu zahlen, hat sie dieses den Anleihegläubigern gemäß § 11 unter Einhaltung einer Frist von drei (3) Geschäftstagen vor dem Wahlweisen Zinszahlungstag bekannt zu geben.
- (b) If the Issuer decides to not or only partially pay the Interest Amount on an Optional Interest Payment Date, the Issuer shall notify the Bondholders in accordance with § 11 three (3) Business Days prior to such Optional Interest Payment Date.
- (5) Zwingende Aussetzung von Zinszahlungen**
- (5) Mandatory deferral of interest payments**
- (a) Falls an einem Zinszahlungstag ein Solvabilitätsereignis eintritt oder eintreten würde, wird die Zahlung des an diesem Tag sonst fällig werdenden Zinsbetrages ausgesetzt, vorausgesetzt, dass in dem Fall, in dem die Zahlung eines solchen Zinsbetrages selbst ein Solvabilitätsereignis herbeiführt, die Emittentin nur verpflichtet ist, die Zahlung des Solvabilitätsfehlbetrags auszusetzen.
- (a) If on any Interest Payment Date a Solvency Event has occurred or would occur the payment of the Interest Amount otherwise falling due on such date shall be deferred, provided that in the case where the payment of such Interest Amount would itself cause a Solvency Event to occur, the Issuer shall be obliged to defer the payment of the Solvency Shortfall only.
- (b) Falls an einem Zinszahlungstag ein Zwingender Aussetzungsgrund vorliegt oder vorliegen würde, ist die Emittentin verpflichtet, die Zahlung des Überschussbetrags auszusetzen.
- (b) If on any Interest Payment Date a Mandatory Deferral Event has occurred or would occur, the Issuer shall be obliged to defer the payment of the Mandatory Shortfall.
- (c) Die Emittentin hat den Anleihegläubigern das Vorliegen eines Solvabilitätsereignisses bzw. eines Zwingenden Aussetzungsgrundes spätestens drei (3) Geschäftstage vor dem betreffenden Zinszahlungstag gemäß § 11 bekannt zu geben. Eine Nichtzahlung von Zinsen aufgrund dieses § 4(5) begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aus diesen Schuldverschreibungen oder aus anderen Gründen. Zwingend Ausgesetzte Zinszahlungen werden nicht verzinst.
- (c) The Issuer shall notify the Bondholders of the existence of the Solvency Event or, as the case may be, the Mandatory Deferral Event in accordance with § 11 not less than three (3) Business Days prior to the relevant Interest Payment Date. Non-payment of interest pursuant to this § 4(5) shall not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose. Mandatory Deferred Interest shall not itself bear interest.

(d) Nach dem Eintritt eines Zwingenden Aussetzungsgrundes ist die Emittentin verpflichtet, den Überschussbetrag, der an jedem darauffolgenden Zinszahlungstag ansonsten fällig wäre, (vorbehaltlich des Rechts der Emittentin, einen solchen Überschussbetrag jederzeit im Wege von ACZM zu leisten) auszusetzen, bis der Zwingende Aussetzungsgrund mindestens drei (3) Geschäftstage vor dem maßgeblichen Zinszahlungstag nicht mehr vorliegt und kein neuer Zwingender Aussetzungsgrund eingetreten ist.

Ein Zwingender Aussetzungsgrund gilt als nicht mehr vorliegend, wenn der Angepasste Kapitalbetrag, wie im vor diesem Stichtag zuletzt fertiggestellten und veröffentlichten Quartalsbericht enthalten, auf mehr als 90% des Angepassten Eigenkapitalbetrages zum Vergleichsberichtszeitpunkt, welcher für den Zwingenden Aussetzungsgrund maßgeblich ist, gestiegen ist.

(e) Ein "Solvabilitätsereignis" liegt vor, wenn an einem bestimmten Tag

(A) die Emittentin und die Münchener-Rück-Gruppe nicht über die von der Bundesanstalt für Finanzdienstleistungsaufsicht bzw. einer Nachfolgebehörde geforderten Mittel zur Deckung der geforderten Mindestsolvabilitätsspanne oder vergleichbarer Spannen und Kennziffern (oder eines entsprechenden Werts nach einer Änderung geltender Vorschriften oder der allgemein anerkannten Verwaltungspraxis der Bundesanstalt für Finanzdienstleistungsaufsicht bzw. einer Nachfolgebehörde), wie sie nach den jeweils geltenden Vorschriften des deutschen Versicherungsaufsichtsrechts (für Gruppensolvabilität oder Einzelsolvabilität von Rückversicherungsunternehmen oder Solvabilität nach den Vorschriften für Finanzkonglomerate) und einer dann geltenden allgemein anerkannten Verwaltungspraxis der Bundesanstalt für Finanzdienstleistungsaufsicht bzw. einer Nachfolgebehörde vorgeschrieben ist, verfügen oder diese geforderte Mindestsolvabilitätsspanne oder vergleichbare Spanne oder Kennziffer durch eine vollständige oder teilweise Zinszahlung, die an einem solchen Zinszahlungstag fällig wäre, unterschritten würde,

(d) Following the occurrence of a Mandatory Deferral Event, the Issuer shall be required to defer the Mandatory Shortfall that would otherwise be due on each following Interest Payment Date (subject to the right of the Issuer to satisfy any such Mandatory Shortfall at any time by way of ACSM), until the Mandatory Deferral Event has been cured at least three (3) Business Days prior to the relevant Interest Payment Date and no new Mandatory Deferral Event has occurred.

A Mandatory Deferral Event shall be treated as having been cured if the Adjusted Capital Amount as at the Issuer's most recently completed and published quarterly report before that date has increased to more than 90 per cent. of the Adjusted Shareholders' Equity Amount at the Benchmark Reporting Date relevant for the Mandatory Deferral Event.

(e) A "Solvency Event" shall have occurred if on a certain date

(A) the Issuer and Munich Re Group do not have appropriate funds to cover the minimum solvency margin required by the Federal Financial Services Supervisory Authority or any Successor Authority or comparable margins and ratios (or a comparable term in case of a change in applicable rules or the generally accepted administrative practice of the Federal Financial Services Supervisory Authority or its Successor Authority (as applicable)) in accordance with the provisions of German insurance regulatory law (for group solvency or single solvency purposes for reinsurance undertakings or the solvency pursuant to the regulation for financial conglomerates) and a generally recognised administrative practice of the Federal Financial Services Supervisory Authority or any Successor Authority applicable at that time, or such funds would, as a result of a full or partial interest payment that would otherwise be due on such Interest Payment Date become less than the required minimum solvency margin or comparable margin or ratio,

(B) es der Emittentin aufgrund einer Verfügung der Bundesanstalt für Finanzdienstleistungsaufsicht bzw. einer Nachfolgebehörde untersagt ist, Zinszahlungen, sonstige Ausschüttungen oder Rückzahlungen (einschließlich an die Inhaber eines Gleichrangigen Wertpapiers oder Nachrangigen Wertpapiers) vorzunehmen,

(C) die Emittentin nicht in der Lage ist, ihre Verbindlichkeiten gegenüber ihren Vorrangigen Gläubigern bei Fälligkeit zu zahlen, oder

(D) die Aktiva der Emittentin ihre Verbindlichkeiten (ausgenommen Verbindlichkeiten gegenüber Gläubigern, die keine Vorrangigen Gläubiger sind) nicht übersteigen.

Dabei gilt folgendes:

“**Aktiva**” bezeichnet die Summe der nichtkonsolidierten Aktiva der Emittentin, wie sie im zuletzt geprüften und veröffentlichten Jahresabschluss der Emittentin ausgewiesen werden.

“**Solvabilitätsfehlbetrag**” bezeichnet den Teil des Zinsbetrages, der ein Solvabilitätsereignis auslösen oder andauern lassen würde.

“**Verbindlichkeiten**” bezeichnet die Summe der nichtkonsolidierten Verbindlichkeiten der Emittentin, wie sie in dem zuletzt geprüften und veröffentlichten Jahresabschluss der Emittentin ausgewiesen werden.

“**Vorrangige Gläubiger**” bezeichnet Gläubiger der Emittentin, deren Ansprüche nicht gleich- oder nachrangig gegenüber den Ansprüchen der Anleihegläubiger sind.

(f) Ein “**Zwingender Aussetzungsgrund**” liegt vor, wenn bis zum zehnten Geschäftstag vor dem betreffenden Zinszahlungstag

(A) das Kumulierte Konzernergebnis zum Vergangenen Berichtszeitpunkt kleiner oder gleich Null ist, und

(B) der Angepasste Eigenkapitalbetrag zum Vergangenen Berichtszeitpunkt um 10% oder mehr gegenüber dem Angepassten Eigenkapitalbetrag zum Vergleichsberichtszeitpunkt zurückgegangen ist, und

(B) an order by the Federal Financial Services Supervisory Authority or any Successor Authority is prohibiting the Issuer from making interest payments, other distributions or redemption payments (including to the holders of any Parity Security or Junior Security),

(C) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due, or

(D) the Assets of the Issuer do not exceed its Liabilities (other than liabilities to persons who are not Senior Creditors).

Where:

“**Assets**” means the unconsolidated total assets of the Issuer, as shown in the latest published annual audited balance sheet of the Issuer.

“**Solvency Shortfall**” means the portion of the Interest Amount that would cause a Solvency Event to occur or to be continuing.

“**Liabilities**” means the unconsolidated total liabilities of the Issuer, as shown in the latest published annual audited balance sheet of the Issuer.

“**Senior Creditors**” means creditors of the Issuer whose claims do not rank *pari passu* with, or junior to the claims of the Bondholders.

(f) A “**Mandatory Deferral Event**” shall have occurred if up to the tenth Business Day before the respective Interest Payment Date,

(A) the Accumulated Consolidated Result on the Lagged Reporting Date is less than or equal to zero; and

(B) the Adjusted Shareholders’ Equity Amount as at the Lagged Reporting Date has declined by 10 per cent. or more as compared to the Adjusted Shareholders’ Equity Amount on the Benchmark Reporting Date; and

(C) der Angepasste Kapitalbetrag zum Aktuellen Berichtszeitpunkt um 10% oder mehr gegenüber dem Angepassten Eigenkapitalbetrag zum Vergleichsberichtszeitpunkt zurückgegangen ist.

Dabei gilt folgendes:

“**Aktueller Berichtszeitpunkt**” bezeichnet den Stichtag des zuletzt fertiggestellten und veröffentlichten Quartalsberichts der Emittentin.

“**Angepasster Eigenkapitalbetrag**” bezeichnet das Eigenkapital vor Anteilen von Minderheitsaktionären, wie es sich aus der zum Ende des Quartals gemäß den Anzuwendenden Rechnungslegungsvorschriften aufgestellten letzten Konzernbilanz der Emittentin ergibt, abzüglich Währungsänderungen sowie der unrealisierten Gewinne und Verluste (netto), wie sie sich aus dem betreffenden Konzernabschluss ergeben.

“**Angepasster Kapitalbetrag**” bezeichnet den Angepassten Eigenkapitalbetrag zuzüglich Statthafter Pflichtwandelanleihen.

“**Anzuwendende Rechnungslegungsvorschriften**” bezeichnet die International Financial Reporting Standards (IFRS), wie sie zu den jeweiligen Stichtagen und für die jeweiligen Rechnungslegungsperioden anzuwenden sind, oder andere, von der Emittentin angewandte und veröffentlichte, in Deutschland allgemein anerkannte Rechnungslegungsgrundsätze, die diese in Zukunft ersetzen. Anpassungen in der Finanzberichterstattung durch die Emittentin aufgrund nachträglicher Änderungen in den Anzuwendenden Rechnungslegungsvorschriften sind für die Zwecke der Berechnung des Kumulierten Konzernergebnisses, des Angepassten Kapitalbetrags und des Angepassten Eigenkapitalbetrags unbeachtlich.

“**Kumuliertes Konzernergebnis**” bezeichnet — am Ende eines jeden Quartals die Summe der Positionen “**Konzernergebnis auf Anteilseigner der Münchener Rück entfallend**” (oder jede Position in den Abschlüssen der Emittentin, die diesen Begriff ersetzt), bezogen auf die letzten vier Quartale, die am letzten Tag des betreffenden Quartals enden.

(C) the Adjusted Capital Amount as at the Current Reporting Date has declined by 10 per cent. or more as compared to the Adjusted Shareholders’ Equity Amount on the Benchmark Reporting Date.

Where:

“**Current Reporting Date**” means the date of the most recently completed and published quarterly financial statements of the Issuer.

“**Adjusted Shareholders’ Equity Amount**” means the shareholders’ equity before minority interests as shown in the latest consolidated balance sheet of the Issuer as at the end of any quarter, as determined in accordance with the Applicable Accounting Standards, minus foreign currency translation adjustments and unrealised gains and losses (net) as reflected on such consolidated financial statement.

“**Adjusted Capital Amount**” means the Adjusted Shareholders’ Equity Amount plus any Qualifying Mandatory Convertibles.

“**Applicable Accounting Standards**” means the International Financial Reporting Standards (IFRS) as applicable at the relevant dates and for the relevant accounting periods, or other accounting principles generally accepted in Germany, which are adopted and published by the Issuer, which subsequently supersede them. Any restatement of financial reporting by the Issuer following subsequent changes to the Applicable Accounting Standards will be disregarded for purposes of calculating the Accumulated Consolidated Result, the Adjusted Capital Amount and the Adjusted Shareholders’ Equity Amount.

“**Accumulated Consolidated Result**” means, as at the end of any quarter, the aggregate of the line items in the published quarterly report titled “**consolidated result attributable to Munich Re equity holders**” (or any item in the Issuer’s accounts replacing such term), for four quarters ending on the last day of such quarter.

“**Neuer Kapitalbetrag**” bezeichnet den von der Emittentin innerhalb von 180 Tagen vor dem maßgeblichen Zinszahlungstag erhaltenen Nettoerlös aus Neuemissionen oder Verkäufen im Rahmen des (i) Aktien-Zahlungsmechanismus oder (ii) Wertpapier-Zahlungsmechanismus.

“**Statthafte Pflichtwandelanleihen**” bezeichnet eine im Rahmen der geltenden Gesetze zulässige Wandelanleihe, die direkt von der Emittentin begeben oder garantiert ist, die am oder vor dem dritten Jahrestag ihrer Begebung zwingend in eine Anzahl von Aktien der Emittentin, die in einer am Tag der Begebung der maßgeblichen Wandelanleihe festgelegten Spanne liegt, umgewandelt wird und bezüglich derer die Ansprüche ihrer Inhaber gleichrangig mit den Ansprüchen der Aktionäre der Emittentin im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen, der Abwendung der Insolvenz der Emittentin dienenden Verfahrens, sind.

“**Überschussbetrag**” bezeichnet den Betrag, um den der Zinsbetrag den Neuen Kapitalbetrag übersteigt.

“**Vergangener Berichtszeitpunkt**” bezeichnet den Stichtag des Quartalsabschlusses der Emittentin zwei Quartale unmittelbar vor dem Aktuellen Berichtszeitpunkt.

“**Vergleichsberichtszeitpunkt**” bezeichnet den Stichtag des Quartalsabschlusses der Emittentin zehn Quartale vor dem Aktuellen Berichtszeitpunkt.

(6) Zahlung Ausgesetzter Zinszahlungen

- (a) Die Emittentin ist berechtigt, Ausgesetzte Zinszahlungen jederzeit ganz oder teilweise nach Bekanntmachung gemäß § 11 unter Einhaltung einer Frist von zehn (10) Geschäftstagen ausschließlich aus Mitteln zu zahlen, die aus der Durchführung von ACZM nach Maßgabe von § 4(7) vor dem Fälligkeitstag Ausgesetzter Zinszahlungen stammen.

Die Emittentin beabsichtigt, den Umfang, in dem eventuell Ausgesetzte Zinszahlungen fällig werden, vor dem jeweiligen Zinszahlungstag zu ermitteln und solche Ausgesetzten Zinszahlungen im Wege von ACZM zu leisten.

“**New Capital Amount**” means the net proceeds received by the Issuer from new issuance and/or sales during the period of 180 days prior to the relevant Interest Payment Date under (i) Share Settlement or (ii) Security Settlement.

“**Qualifying Mandatory Convertibles**” means, to the extent permitted under prevailing applicable laws, a convertible instrument issued directly or guaranteed by the Issuer that mandatorily converts into a number of the Issuer’s shares fixed within a range (predefined at the date of issuance of the relevant convertible instrument) on or prior to the third anniversary of the date of its issuance and in respect of which claims by holders rank *pari passu* with the claims the Issuer’s shareholders in the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer.

“**Mandatory Shortfall**” means the amount by which the Interest Amount exceeds the New Capital Amount.

“**Lagged Reporting Date**” means the date of the quarterly financial statements of the Issuer two quarters immediately preceding the Current Reporting Date.

“**Benchmark Reporting Date**” means the date of the quarterly financial statements of the Issuer ten quarters before the Current Reporting Date.

(6) Payment of Deferred Interest

- (a) The Issuer may pay Deferred Interest (in whole or in part) at any time on the giving of ten (10) Business Days’ notice in accordance with § 11 only by way of funds which result from the exercise of ACSM in accordance with § 4(7) before the Deferred Settlement Date.

It is the intention of the Issuer to assess the extent to which Deferred Interest (if any) is due prior to each Interest Payment Date, and to satisfy such Deferred Interest in accordance with ACSM.

Die Emittentin beabsichtigt, in dem unwahrscheinlichen Fall einer zwingenden Aussetzung von Zinszahlungen im Hinblick auf die Schuldverschreibungen (außer in den Fällen, in denen die Emittentin Zinsen oder Ausschüttungen für alle Hybridanleihen aussetzt) zur Beschaffung der erforderlichen Liquidität, angemessene Vorkehrungen für die Begebung oder den Verkauf von Zahlungs-Aktien oder Zahlungs-Wertpapieren zu treffen, um in der Lage zu sein, nicht später als 30 Tage nach dem ursprünglichen Fälligkeitstag der Zahlung die Zinsen begleichen zu können.

It is the intention of the Issuer that in the unlikely case of a mandatory deferral in respect of the Bonds (other than in circumstances where the Issuer is deferring interest or distributions on all outstanding hybrid issues) to use its best endeavours to arrange for the issue or sale of Payment Shares or Placement Securities so as to raise cash to enable the Issuer to settle interest, no later than 30 days after its original due date for payment.

- (b) Ausgesetzte Zinszahlungen werden (vollständig, jedoch nicht teilweise) an dem zuerst eintretenden der nachfolgend bestimmten Kalendertage fällig und zahlbar und sind durch die Emittentin nur aus Mitteln zu zahlen, die aus der Durchführung von ACZM nach Maßgabe von § 4(7) stammen:
- (i) an dem Kalendertag, an dem die Schuldverschreibungen zur Rückzahlung fällig sind;
 - (ii) an dem Kalendertag, an dem ein Beschluss zur Auflösung, Abwicklung oder Liquidation der Emittentin ergeht (aber nur wenn dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht und die Emittentin noch zahlungsfähig ist und die übernehmende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt);
 - (iii) an dem Kalendertag, der unmittelbar auf den Tag folgt, (A) an dem auf eine Aktiengattung der Emittentin eine Dividende gezahlt wird, oder (B) an dem Zinsen oder sonstige Ausschüttungen oder Zahlungen auf ein Nachrangiges Wertpapier gezahlt oder vorgenommen werden, oder (C) an dem die Emittentin oder eine Konzerngesellschaft Zinsen auf Gleichrangige Wertpapiere ganz oder teilweise zahlt (im Fall einer Teilzahlung werden Ausgesetzte Zinszahlungen nur anteilig fällig und zahlbar, und zwar berechnet in Bezug auf das Verhältnis des tatsächlich auf die betreffenden Gleichrangigen Wertpapiere gezahlten Gesamtzinsbetrages zum Gesamtzinsbetrag, der unter den Gleichrangigen Wertpapieren fällig ist); und
- (b) Deferred Interest shall become due and payable (in whole but not in part) and shall be paid by the Issuer only by way of funds which result from the exercise of ACSM in accordance with § 4(7) on the first to occur of the following dates:
- (i) the calendar day which is the due date for redemption of the Bonds;
 - (ii) the calendar day on which an order is made for the winding-up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring while solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer);
 - (iii) the calendar day immediately following the date (A) on which a dividend is paid in respect of any class of shares of the Issuer, or (B) on which interest or other distribution or payment on a Junior Security is paid or made or (C) on which the Issuer or a Group Entity makes any payment of interest on any Parity Security, partially or in full (in case of a partial payment, Deferred Interest shall only become due and payable on a *pro rata* basis calculated according to the ratio the actual aggregate interest payment on the Parity Security bears to the aggregate interest payment obligation being due under such Parity Security); and

- (iv) falls keines der Ereignisse in § 4(6)(b)(i), (ii) oder (iii) eingetreten ist, an dem Kalendertag, der fünf Jahre nach dem Zinszahlungstag liegt, an dem der betreffende Zinsbetrag erstmals hätte fällig werden können.
- (c) Soweit es der Emittentin am Fälligkeitstag Ausgesetzter Zinszahlungen nicht möglich ist, Ausgesetzte Zinszahlungen im Wege von ACZM teilweise oder vollständig zu leisten, bleiben diese Ausgesetzten Zinszahlungen ausstehend und die Emittentin ist berechtigt, diese Ausgesetzten Zinszahlungen jederzeit unter Anwendung eines oder einer Kombination der ihr zur Verfügung stehenden ACZM zu leisten.
- (d) Die Emittentin wird sich bemühen, Ausgesetzte Zinszahlungen im Wege von ACZM während eines Zeitraums von einem (1) Jahr (der "ACZM Zeitraum") nach dem maßgeblichen Fälligkeitstag Ausgesetzter Zinszahlungen zu leisten. Falls es der Emittentin bis zum Ende eines ACZM Zeitraums im Hinblick auf eine Ausgesetzte Zinszahlung nicht möglich war, eine vollständige Zahlung dieser Ausgesetzten Zinszahlung im Wege von ACZM zu leisten, erlöschen die Verpflichtungen der Emittentin zur Zahlung des Zinsbetrags, der zu Beginn dieses ACZM Zeitraums ausgesetzt wurde, soweit dieser noch nicht unter ACZM geleistet wurde.
- (iv) if none of the events referred to in § 4(6)(b)(i), (ii) or (iii) has occurred, the calendar day which is the fifth anniversary of the Interest Payment Date on which the relevant Interest Amount could have fallen due for the first time.
- (c) To the extent that the Issuer is not able to satisfy any Deferred Interest in accordance with any ACSM on the Deferred Settlement Date, partially or in full, such Deferred Interest shall remain outstanding and the Issuer shall remain entitled to settle such Deferred Interest at any time using any one or a combination of the ACSM available to it.
- (d) The Issuer shall use its reasonable efforts to satisfy any Deferred Interest by way of ACSM during the period of one (1) year ("ACSM Period") following the relevant Deferred Settlement Date. If at the end of any ACSM Period in respect of any Deferred Interest the Issuer has been unable to make full payment of such Deferred Interest in accordance with the ACSM, the obligations of the Issuer to satisfy the amount of interest that was deferred at the beginning of such ACSM Period shall, to the extent not already settled under the ACSM, be cancelled.

Die Emittentin wird hinsichtlich § 4(6)(d) von Zeit zu Zeit ihre Möglichkeit überprüfen, eine solche Zahl von Zahlungs-Aktien oder Zahlungs-Wertpapieren zu begeben oder zu verkaufen, die die Emittentin nach angemessener Prüfung zur Erfüllung von Ausgesetzten Zinszahlungen über einen zwölf Monats-Zeitraum unter den Schuldverschreibungen für erforderlich hält. Vor dem Hintergrund dieser Überlegung und der vorhandenen Kapitalstruktur beabsichtigt die Emittentin, geeignete Maßnahmen in Betracht zu ziehen, die sie in die Lage versetzen sollen, dieses Erfordernis zu erfüllen.

With respect to § 4(6)(d), the Issuer will, from time to time, review its ability to issue or sell such number of Payment Shares or Placement Securities as the Issuer reasonably considers would be required to be issued or sold in order to satisfy Deferred Interest on the Bonds in respect of a 12 month period. In light of such review and the capital structure, the Issuer intends to consider taking appropriate measures to enable the Issuer to satisfy such requirement.

- (7) Ersatzweise Erfüllung mittels ACZM (Alternativer Coupon-Zahlungs-Mechanismus)
- (a) Die Emittentin ist berechtigt, die Mittel, die für die Erfüllung der betreffenden Ausgesetzten Zinszahlungen mittels des Alternativen Coupon-Zahlungs-Mechanismus (“ACZM”) benötigt werden, wie folgt zu beschaffen: (i) durch die Ausgabe oder den Verkauf von Zahlungs-Aktien gegen Barmittel (der “Aktien-Zahlungsmechanismus”) oder (ii) durch die Ausgabe von Zahlungs-Wertpapieren (der “Wertpapier-Zahlungsmechanismus”).
- (7) Alternative satisfaction of Bondholders via ACSM (Alternative Coupon Settlement Mechanism)
- (a) The Issuer may raise the funds required for the satisfaction of the relevant Deferred Interest through the alternative coupon settlement mechanism (“ACSM”) by the following: (i) by issuing or selling Payment Shares for cash proceeds (the “Share Settlement”) and/or (ii) by issuing of Placement Securities (the “Security Settlement”).

Dabei gilt folgendes:

“Zahlungs-Aktien” bezeichnet bestehende oder neu ausgegebene Stammaktien oder Statthafte Pflichtwandelanleihen.

“Zahlungs-Wertpapiere” bezeichnet alle Wertpapiere oder andere Finanzierungsinstrumente, die von der Emittentin oder einer Finanzierungsgesellschaft mit einer Garantie der Emittentin begeben werden und im Wesentlichen die gleichen Bedingungen (hinsichtlich Fälligkeit, Kündigungsregelung mit beabsichtigter Ersetzung, Aussetzung und Nachrangigkeit) sowie eine gleichwertige oder bessere Einstufung als Eigenmittel und zumindest eine gleichwertige Eigenkapitalanrechnung von der relevanten anerkannten internationalen Rating Agentur wie die Schuldverschreibungen aufweisen.

Where:

“Payment Shares” means existing or newly issued ordinary shares or Qualifying Mandatory Convertibles.

“Placement Securities” means any securities or other instruments issued by the Issuer or any Finance Subsidiary, in such case with the benefit of guarantee from the Issuer, that have substantially the same terms and conditions as the Bonds (in terms of maturity, call with intent based replacement language, deferral and subordination), have attracted an equal or better regulatory capital treatment and at least equivalent equity credit from the relevant recognised international statistical rating organisation as the Bonds.

- (b) Der Aktien-Zahlungsmechanismus unterliegt den folgenden Voraussetzungen: (i) entweder (A) die Emittentin hält selbst Zahlungs-Aktien (mit Ausnahme eigener Aktien, welche innerhalb eines Zeitraums von sechs Monaten vor dem betreffenden Zahlungstag gegen Barzahlung erworben wurden), oder (B) die Emittentin kann neue Aktien zum Zweck der Durchführung von ACZM ausgeben, mit der Maßgabe, dass (x) die Anzahl der zu diesem Zweck in einem zwölf Monats-Zeitraum verwendeten Zahlungs-Aktien (einschließlich der maximalen Anzahl der Aktien, die gemäß allen Statthaften Pflichtwandelanleihen an ihrem maßgeblichen Tag der Begebung ausgegeben wurden oder werden) 2% (**“Prozentsatz des Aktien-Zahlungsmechanismus”**) der jeweils ausstehenden Aktien der Emittentin nicht überschreitet und (y) die Ausgabe auf Grundlage einer Ermächtigung in der Satzung der Emittentin oder aufgrund eines Beschlusses ihrer Hauptversammlung über die Erhöhung des Grundkapitals zulässig ist, und (ii) die Zustimmung des Aufsichtsrates der Emittentin dazu jeweils vorliegt, und (iii) die Emittentin keinen Beschränkungen (gesetzlicher Art, aufgrund von Satzungsbestimmungen, vertraglichen Verpflichtungen oder Bestimmungen oder internen Bestimmungen) hinsichtlich des Verkaufs eigener oder der Ausgabe neuer Aktien unterliegt. Die Emittentin ist nicht verpflichtet, eigene Aktien zu erwerben. Der Prozentsatz des Aktien-Zahlungsmechanismus wird ausschließlich für den Aktien-Zahlungsmechanismus im Rahmen von Zwingend Ausgesetzten Zinszahlungen nach Eintritt eines Zwingenden Aussetzungsgrundes angewendet.
- (b) Any Share Settlement shall be subject to the following conditions (i) either (A) the Issuer holds Payment Shares itself (save for treasury shares which have been acquired against cash within a period of six months before the relevant payment date) or (B) the Issuer can for the purpose of exercising ACSM issue new shares, provided that (x) the number of Payment Shares used in any 12-month period (including the maximum number of shares issued or to be issued pursuant to all Qualifying Mandatory Convertibles as of their respective date of issuance) for this purpose does not exceed 2 per cent. (**“Share Settlement Percentage”**) of the Issuer’s aggregate amount of the relevant outstanding shares and (y) such issuance is authorised pursuant to the Issuer’s articles of association or a resolution by its shareholders’ meeting to increase the share capital and (ii) the Issuer’s supervisory board, in each case, has declared its consent thereto and (iii) the Issuer is not subject to any restriction (whether by applicable law, the Issuer’s articles of association, contractual obligations or provisions or internal rulings) with respect to selling treasury or selling newly issued shares. The Issuer shall not be obliged to buy back its own shares. The Share Settlement Percentage will apply solely and exclusively to the use of Share Settlement in respect of Mandatory Deferred Interest following the occurrence of a Mandatory Deferral Event.

- (c) Der Wertpapier-Zahlungsmechanismus unterliegt den folgenden Voraussetzungen: (i) die Emittentin oder die jeweilige emittierende Finanzierungsgesellschaft unterliegt hinsichtlich dieser Begebung keinerlei Beschränkungen (gesetzlicher Art, aufgrund von Satzungsbestimmungen, vertraglichen Verpflichtungen oder Bestimmungen oder internen Bestimmungen), (ii) die Zustimmung des Aufsichtsrates der Emittentin sofern erforderlich wurde eingeholt und (iii) der Gesamtnennbetrag der zu begebenden, geeigneten nicht-kumulativen Zahlungs-Wertpapiere und anderen Zahlungs-Wertpapieren (zusammen mit zuvor begebenen Zahlungs-Wertpapieren) überschreitet 25% (**“Oberer Schwellenwert”**) des Gesamtnennbetrags der Schuldverschreibungen nicht, vorausgesetzt, dass der Gesamtnennbetrag der Zahlungs-Wertpapiere, die nicht geeignete nicht-kumulative Zahlungs-Wertpapiere sind, zusammen mit jeglichen zuvor begebenen Zahlungs-Wertpapieren 15% (**“Unterer Schwellenwert”**) des Gesamtnennbetrags der Schuldverschreibungen nicht überschreitet. Die Berechnung des Oberen Schwellenwerts bzw. des Unteren Schwellenwerts wird ausschließlich für den Wertpapier-Zahlungsmechanismus im Rahmen von Zwingend Ausgesetzten Zinszahlungen nach dem Eintritt eines Zwingenden Aussetzungsgrundes angewendet.
- (d) Falls eine Marktstörung eintritt, verlängert sich der ACZM Zeitraum um den Zeitraum der Marktstörung zuzüglich 60 Geschäftstage. Die Emittentin wird sowohl den Eintritt einer Marktstörung als auch den Zeitpunkt, an dem keine Marktstörung mehr vorliegt, gemäß § 11 bekannt machen. Das Vorliegen einer Marktstörung führt nicht zu einem zusätzlichen Verzinsungsanspruch im Hinblick auf die Überlassung von Geldbeträgen.
- (c) Any Security Settlement shall be subject to the following conditions (i) the Issuer or the respective Finance Subsidiary is not subject to any restriction (whether by applicable law, the relevant articles of association, contractual obligations or provisions or internal rulings) with respect to such issuance, (ii) the consent of the Issuer’s supervisory board, to the extent required, has been obtained and (iii) the aggregate principal amount of qualifying non-cumulative Placement Securities to be issued and other Placement Securities (together with any Placement Securities previously issued) shall not exceed 25 per cent. (**“Upper Threshold”**) of the aggregate Principal Amount of the Bonds, provided that the aggregate principal amount of Placement Securities which are not qualifying non-cumulative Placement Securities (together with any such Placement Securities previously issued) may not exceed 15 per cent. (**“Lower Threshold”**) of the aggregate Principal Amount of the Bonds. Calculation of the Upper Threshold and/or the Lower Threshold will apply solely and exclusively to the use of Security Settlement in respect of Mandatory Deferred Interest following the occurrence of a Mandatory Deferral Event.
- (d) If a Market Disruption Event occurs, the ACSM Period shall be extended by a period equal to the time during which the Market Disruption Event exists plus 60 Business Days. The Issuer shall give notice pursuant to § 11 of both the occurrence of a Market Disruption Event and the date on which the Market Disruption Event no longer exists. No additional interest for the making available of funds shall be payable due to the occurrence of a Market Disruption Event.

“**Marktstörung**” bezeichnet (i) das Eintreten oder Bestehen einer Aussetzung oder Einschränkung des Handels an einer der Hauptbörsen der Emittentin (aufgrund von Preisschwankungen über die bei der jeweiligen Hauptbörse (bzw. deren elektronischer Handelsplattform) zugelassenen Grenzen hinaus oder aus sonstigen Gründen) oder von Abwicklungsprozessen für Transaktionen in Aktien der Emittentin an der jeweiligen Hauptbörse (bzw. deren elektronischer Handelsplattform) oder (ii) Änderungen der deutschen oder internationalen politischen oder wirtschaftlichen Rahmenbedingungen oder der Finanzmärkte, aufgrund derer davon ausgegangen werden kann, dass eine erfolgreiche Ausgabe bzw. ein Verkauf von Zahlungs-Aktien der Emittentin bzw. ein Verkauf von Zahlungs-Wertpapieren wesentlich beeinträchtigt sein wird.

“**Hauptbörse**” bezeichnet jede Börse, an der die Aktien der Emittentin an einem organisierten Markt zugelassen sind.

(8) Bekanntmachungen

Die Emittentin hat die Anleihegläubiger unverzüglich gemäß § 11 über eine teilweise Erfüllung bzw. deren Ausfall nach § 4(6)(a), (c) bzw. (d) zu unterrichten. In der Bekanntmachung ist die maßgebliche Ausgesetzte Zinszahlung bzw. die Zahlung des anteiligen Betrags je Schuldverschreibung nach der Durchführung von ACZM und der etwaige erloschene Betrag der Ausgesetzten Zinszahlung je Schuldverschreibung zu benennen.

(9) Rang Ausgesetzter Zinszahlungen

Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen, der Abwendung der Insolvenz der Emittentin dienenden Verfahrens, steht jedem Anleihegläubiger je Schuldverschreibung ein direkter Anspruch gegen die Emittentin auf Erhalt der auf eine Schuldverschreibung entfallenden anteiligen Ausgesetzten Zinszahlungen (soweit der Anspruch hierauf nicht zuvor nach Maßgabe von § 4(6)(a), (c) bzw. (d) erloschen ist) in Höhe von bis zu 25% des Nennbetrages abzüglich aller bis zu diesem Zeitpunkt geleisteten Zahlungen mit aus ACZM beschafften Zahlungs-Wertpapieren (jeweils bezogen auf eine Schuldverschreibung) zu. Dieser Anspruch begründet eine unbesicherte und nachrangige Verbindlichkeit der Emittentin, die mit den Schuldverschreibungen im Rang gleich steht. Der über diesen Betrag hinausgehende Anspruch auf Zahlung Ausgesetzter Zinszahlungen erlischt.

“**Market Disruption Event**” means (i) the occurrence or existence of any suspension of or limitation imposed on trading at one of the Primary Exchanges of the Issuer (by reason of movements in price exceeding limits permitted by such exchange (and/or its electronic trading platform) or otherwise) or on settlement procedures for transactions in the shares of the Issuer on a Primary Exchange (and/or its electronic trading platform); or (ii) a change in German or international political or economic conditions or financial markets as are reasonably likely to prejudice materially the success of the issuance and/or sale of Payment Shares of the Issuer and/or sale of Placement Securities.

“**Primary Exchange**” means each exchange on which the shares of the Issuer are admitted to the regulated market.

(8) Notices

The Issuer shall promptly notify the Bondholders in accordance with § 11 of any partial settlement or non-settlement pursuant to § 4(6)(a), (c) or (d) and must specify in such notice the relevant Deferred Interest, the *pro rata* payment per Bond following the exercise of ACSM (if any) and the cancelled amount of Deferred Interest per Bond (if any).

(9) Ranking of Deferred Interest

In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of the Issuer, any Bondholder shall, for each Bond, have a direct claim against the Issuer to receive a *pro rata* payment on account of Deferred Interest (to the extent not previously cancelled in accordance with § 4(6)(a), (c) or (d)) per Bond up to an amount corresponding to 25 per cent. of the Principal Amount less all payments made up to such point out of ACSM raised through the issuance of Placement Securities (in each case as calculated per Bond). Such claim shall constitute an unsecured and subordinated obligation of the Issuer ranking *pari passu* with the Bonds. The remaining claim for settlement of Deferred Interest shall be cancelled.

§ 5

RÜCKZAHLUNG UND RÜCKKAUF

(1) Endfälligkeit

Die Schuldverschreibungen haben keine feste Laufzeit und werden nicht zurückgezahlt, ausgenommen nach diesem § 5.

(2) Kündigungsrecht bei einem Gross-up Ereignis, bei einem Steuerereignis, bei einem Rechnungslegungsereignis, bei einem Kapitalereignis oder bei einem Aufsichtsrechtlichen Ereignis

Bei Eintritt eines Gross-up Ereignisses, eines Steuerereignisses, eines Rechnungslegungsereignisses, eines Kapitalereignisses oder eines Aufsichtsrechtlichen Ereignisses vor dem 12. Juni 2017 ist die Emittentin vorbehaltlich § 5(6) berechtigt, die Schuldverschreibungen jederzeit (ganz oder teilweise) durch eine unwiderrufliche Bekanntmachung gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Kalendertagen zu kündigen und zum Rückzahlungsbetrag zurückzuzahlen.

(a) Dabei gilt für den Fall eines Gross-up Ereignisses, dass:

- (i) eine solche Kündigungsmittelung nicht früher als 90 Kalendertage vor dem ersten Kalendertag erfolgen darf, an dem die Emittentin erstmals verpflichtet wäre, die jeweiligen zusätzlichen Beträge (wie in § 7 beschrieben) auf fällige Beträge unter den Schuldverschreibungen zu zahlen, und
- (ii) die Emittentin der Hauptzahlstelle vor Abgabe einer solchen Kündigungsmittelung folgende Dokumente übermittelt bzw. deren Übermittlung veranlasst:
 - (x) eine von zwei ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterzeichnete Bescheinigung, die bestätigt, dass die Emittentin berechtigt ist, die maßgebliche Rückzahlung vorzunehmen, und aus der die Tatsachen hervorgehen, auf deren Grundlage die Voraussetzungen für das Rückzahlungsrecht der Emittentin eingetreten sind, sowie
 - (y) ein Gutachten eines angesehenen unabhängigen Rechtsberaters, aus dem hervorgeht, dass die Emittentin verpflichtet ist oder verpflichtet sein wird, die betreffenden zusätzlichen Beträge als Folge eines Gross-up Ereignisses zu zahlen.

§ 5

REDEMPTION AND PURCHASE

(1) Maturity

The Bonds have no final maturity date and shall not be redeemed, except in accordance with this § 5.

(2) Redemption following a Gross-up Event, a Tax Event, an Accounting Event, a Capital Event or a Regulatory Event

If prior to 12 June 2017 either a Gross-up Event, a Tax Event, an Accounting Event, a Capital Event or a Regulatory Event occurs, the Issuer may, subject to § 5(6), call and redeem the Bonds (in whole but not in part) at their Redemption Amount at any time on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice in accordance with § 11.

(a) In the case of a Gross-up Event:

- (i) no such notice of redemption may be given earlier than 90 calendar days prior to the earliest calendar day on which the Issuer would be for the first time obliged to pay the additional amounts (as described in § 7) on payments due in respect of the Bonds; and
- (ii) prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Principal Paying Agent:
 - (x) a certificate signed by any two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions precedent to the exercise of the right of the Issuer to redeem have been satisfied; and
 - (y) an opinion of an independent legal adviser of recognised standing to the effect that the Issuer has or will become obliged to pay the additional amounts in question as a result of a Gross-up Event.

- (b) Falls ein Steuerereignis, ein Rechnungslegungsereignis, ein Kapitalereignis oder ein Aufsichtsrechtliches Ereignis vorliegt, kann eine solche Kündigungsmitteilung nur zeitgleich mit oder nach einer Bekanntmachung der Emittentin über den Eintritt eines Steuerereignisses, eines Rechnungslegungsereignisses, eines Kapitalereignisses oder eines Aufsichtsrechtlichen Ereignisses nach Maßgabe von § 11 erfolgen.

- (b) In the case of a Tax Event, an Accounting Event, a Capital Event or a Regulatory Event such notice of redemption may only be given simultaneously with or after a notification by the Issuer in accordance with § 11 that a Tax Event, an Accounting Event, a Capital Event or, as the case may be, Regulatory Event has occurred.

- (c) “Gross-up Ereignis” bezeichnet den Fall, dass die Emittentin verpflichtet ist oder verpflichtet sein wird, zusätzliche Beträge (wie in § 7 beschrieben) als Folge einer Änderung oder Ergänzung von Gesetzen (oder von Bestimmungen und Vorschriften auf Grundlage dieser Gesetze) der Bundesrepublik Deutschland oder einer Gebietskörperschaft oder Behörde der Bundesrepublik Deutschland, oder als Folge einer Änderung oder Ergänzung der offiziellen Auslegung oder Anwendung dieser Gesetze, Bestimmungen oder Vorschriften zu zahlen, allerdings nur soweit die betreffende Änderung oder Ergänzung an oder nach dem Ausgabetag wirksam wird und die Zahlungsverpflichtung nicht durch das Ergreifen zumutbarer Maßnahmen vermieden werden kann.

- (c) “Gross-up Event” means that the Issuer has or will become obliged to pay additional amounts (as described in § 7) as a result of any change in, or amendment to, the laws (or any rules or regulations thereunder) of the Federal Republic of Germany or any political subdivision or any authority of the Federal Republic of Germany, or any change in or amendment to any official interpretation or application of those laws or rules or regulations, provided that the relevant amendment or change becomes effective on or after the Issue Date and provided further that the payment obligation cannot be avoided by taking reasonable measures.

Ein “Steuerereignis” liegt vor, wenn:

“Tax Event” means

- (i) der Hauptzahlstelle ein Gutachten eines anerkannten unabhängigen Steuerberaters übergeben worden ist, aus dem hervorgeht, dass an oder nach dem Ausgabetag als Folge:
- (aa) einer Änderung oder Ergänzung der Gesetze (oder von aufgrund dieser Gesetze erlassenen Bestimmungen oder Vorschriften) der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Steuerbehörden, die an oder nach dem Ausgabetag erlassen, verkündet oder anderweitig wirksam wird, oder
- (bb) einer Änderung oder Ergänzung der bindenden offiziellen Auslegung solcher Gesetze, Bestimmungen 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 Ausgabetag erlassen, verkündet oder anderweitig wirksam wird, oder

- (i) an opinion of a recognised independent tax counsel has been delivered to the Principal Paying 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 Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (bb) any amendment to, or change in, an official and binding interpretation of any such laws, rules 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 becomes effective otherwise on or after the Issue Date; or

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

Zahlungen, der Emittentin auf die Schuldverschreibungen nicht mehr für die Zwecke der deutschen Körperschaftsteuer voll abzugsfähig sind, bzw. innerhalb von 90 Kalendertagen nach dem Datum dieses Gutachtens nicht mehr voll abzugsfähig sein werden, und

(ii) die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann.

Ein **“Rechnungslegungsereignis”** liegt vor, wenn:

(i) der Hauptzahlstelle ein Gutachten einer anerkannten internationalen Wirtschaftsprüfungsgesellschaft übergeben worden ist, aus dem hervorgeht, dass nach den Anzuwendenden Rechnungslegungsvorschriften an oder nach dem Ausgabetag die Verpflichtungen aus den Schuldverschreibungen nicht bzw. nicht mehr als Verbindlichkeiten im Konzernabschluss der Emittentin ausgewiesen werden können; und

(ii) die Emittentin dieses Risiko nicht durch das Ergreifen zumutbarer Maßnahmen vermeiden kann.

Ein **“Kapitalereignis”** liegt vor, wenn eine anerkannte internationale Rating Agentur ihre am Ausgabetag wirksamen Kriterien (**“Aktuelle Kriterien”**) oder deren Auslegung bzw. Anwendung für die Eigenkapitalanrechnung von Wertpapieren wie diese Schuldverschreibungen ändert und diese Änderungen ab dem Zeitpunkt der Änderungen zu einer niedrigeren Eigenkapitalanrechnung führen, als die Eigenkapitalanrechnung, die diese Schuldverschreibungen von dieser anerkannten internationalen Rating Agentur zum Zeitpunkt dieser Änderungen aufgrund der Aktuellen Kriterien zugewiesen worden wäre.

Ein **“Aufsichtsrechtliches Ereignis”** liegt vor, wenn:

(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,

payments by the Issuer on the Bonds are no longer, or within 90 calendar days of the date of that opinion will no longer be, fully deductible by the Issuer for German corporate income tax purposes, respectively; and

(ii) such risk cannot be avoided by the Issuer taking reasonable measures available to it.

“Accounting Event” means

(i) an opinion of a recognised international accounting firm has been delivered to the Principal Paying Agent, stating that on or after the Issue Date, the obligations in respect of the Bonds must not or must no longer be recorded as liabilities on the Issuer’s consolidated financial statement prepared in accordance with Applicable Accounting Standards; and

(ii) such risk cannot be avoided by the Issuer taking reasonable measures available to it.

“Capital Event” means a change by a recognised international statistical rating organisation to its equity credit criteria, or the interpretation or application thereof, for securities such as the Bonds, as such criteria are in effect on the Issue Date (**“Current Criteria”**), which change results in a lower equity credit being given to the Bonds as of the date of such changes than the equity credit that would have been assigned to the Bonds as of the date of such changes by such recognised international statistical rating organisation pursuant to its Current Criteria.

A **“Regulatory Event”** shall occur if

- (i) die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde schriftlich gegenüber der Emittentin feststellt, dass die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen an nachrangige Verbindlichkeiten ohne feste Laufzeit für Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften für Finanzkonglomerate erfüllen, oder
- (ii) die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde zu irgendeinem Zeitpunkt weitere Richtlinien über aufsichtsrechtliches Kernkapital (unabhängig von der gewählten Bezeichnung) herausgibt, die Emittentin oder die Münchener-Rück-Gruppe verpflichtet ist, für Eigenmittelzwecke aufsichtsrechtliches Kernkapital vorzuhalten, und die Schuldverschreibungen zu diesem Zeitpunkt nicht die Anforderungen für aufsichtsrechtliches Kernkapital für Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften für Finanzkonglomerate erfüllen (außer in Fällen, in denen dies nur auf anzuwendende aufsichtsrechtliche Beschränkungen der Höhe des Betrages dieser Eigenmittel zurückzuführen ist), oder
- (iii) die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde die Schuldverschreibungen als geeignete Finanzinstrumente für aufsichtsrechtliches Kernkapital für die Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften der Finanzkonglomerate anerkannt hat und die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde zu einem späteren Zeitpunkt schriftlich gegenüber der Emittentin feststellt, dass die Schuldverschreibungen (ganz oder teilweise) nicht länger die Anforderungen an aufsichtsrechtliches Kernkapital für die Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften der Finanzkonglomerate erfüllen (außer in Fällen, in denen dies nur auf anzuwendende aufsichtsrechtliche Beschränkungen der Höhe des Betrages dieser Eigenmittel zurückzuführen ist).
- (i) the Federal Financial Services Supervisory Authority or any Successor Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for undated subordinated debt for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates; or
- (ii) the Federal Financial Services Supervisory Authority or any Successor Authority issues further guidance in relation to tier 1 regulatory capital (howsoever described) at any time, the Issuer or Munich Re Group is required for any regulatory capital purposes to have tier 1 regulatory capital, and the Bonds would not be eligible to qualify for inclusion in the tier 1 regulatory capital for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates at the time (save where such non-qualification is due only to any applicable regulatory limit on the amount of such regulatory capital); or
- (iii) the Federal Financial Services Supervisory Authority or any Successor Authority has recognised the Bonds as tier 1 regulatory capital qualifying instruments for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates and at a subsequent time the Federal Financial Services Supervisory Authority or any Successor Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for tier 1 regulatory capital for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates (save where such non-qualification is due only to any applicable regulatory limit on the amount of such regulatory capital).

(3) Rückzahlungsbetrag

Der “Rückzahlungsbetrag” entspricht (i) im Falle eines Gross-Up Ereignisses oder eines Steuerereignisses dem Nennbetrag der zurückzuzahlenden Schuldverschreibungen zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen und (ii) im Falle eines Rechnungslegungsereignisses, eines Kapitalereignisses oder eines Aufsichtsrechtlichen Ereignisses dem Nennbetrag der zurückzuzahlenden Schuldverschreibungen oder, falls höher, dem Abgezinsten Marktpreis der Schuldverschreibungen und in jedem dieser Fälle zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen.

Der “Abgezinsten Marktpreis” wird von der Berechnungsstelle berechnet und entspricht der Summe der auf den Rückzahlungstag bezogenen Abgezinsten Werte (i) des Nennbetrages der zurückzuzahlenden Schuldverschreibungen und (ii) der bis zum 12. Juni 2017 (ausschließlich) verbleibenden vorgesehenen Zinszahlungen auf die Schuldverschreibungen.

Die “Abgezinsten Werte” werden von der Berechnungsstelle errechnet, indem der Nennbetrag der jeweiligen zurückzuzahlenden Schuldverschreibungen und die bis zum 12. Juni 2017 verbleibenden vorgesehenen Zinszahlungen auf die Schuldverschreibungen unter Anwendung der Angepassten Vergleichbaren Rendite zuzüglich 0,67% abgezinst werden. Zinsen, die auf einen Zeitraum von weniger als einem Jahr zu berechnen sind, werden auf Basis der tatsächlich verstrichenen Kalendertage in diesem Zeitraum geteilt durch die tatsächliche Anzahl der Tage im betreffenden Jahr (365 oder 366) ermittelt.

Die “Angepasste Vergleichbare Rendite” entspricht der Rendite am Rückzahlungs-Berechnungstag einer von der Berechnungsstelle, im Einvernehmen mit der Emittentin, ausgewählten Referenzanleihe mit einer mit der verbleibenden Laufzeit der Schuldverschreibungen bis zum 12. Juni 2017 vergleichbaren Laufzeit. Dabei handelt es sich um die Rendite einer solchen Referenzanleihe, die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer mit dem Zeitraum bis zum 12. Juni 2017 vergleichbaren Laufzeit verwendet werden würde.

(3) Redemption Amount

The “Redemption Amount” shall (i) upon the occurrence of a Gross-up Event or a Tax Event, be equal to the Principal Amount of the Bonds to be redeemed, plus accrued interest until the Redemption Date (exclusive) and, (ii) upon the occurrence of an Accounting Event, a Capital Event or a Regulatory Event be calculated as the greater of the Principal Amount of the Bonds to be redeemed and the Make-Whole Amount of the Bonds in each case, plus accrued interest until the date of redemption (exclusive).

The “Make-Whole Amount” shall be calculated by the Calculation Agent, and shall be equal to the sum of the Present Values on the Redemption Date of (i) the Principal Amount of the Bonds to be redeemed and (ii) the remaining scheduled payments of interest on the Bonds to but excluding 12 June 2017.

The “Present Values” shall be calculated by the Calculation Agent by discounting the Principal Amount of the Bonds to be redeemed and the remaining scheduled interest payments to 12 June 2017 using the Adjusted Comparable Yield plus 0.67 per cent. If interest is to be calculated for a period of less than one year, it shall be calculated on the basis of the actual number of calendar days in the relevant period divided by the actual number of days in the relevant year (365 or 366).

The “Adjusted Comparable Yield” shall be equal to the yield at the Redemption Calculation Date on a benchmark security selected by the Calculation Agent, after consultation with the Issuer, as having a maturity comparable to the remaining term of the Bonds on 12 June 2017 that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to 12 June 2017.

“Rückzahlungs-Berechnungstag” ist der dritte Geschäftstag vor dem Tag, an dem die Schuldverschreibungen nach Wahl der Emittentin infolge eines Rechnungslegungsereignisses, eines Kapitalereignisses oder eines Aufsichtsrechtlichen Ereignisses zurückgezahlt werden.

(4) Rückzahlung nach Wahl der Emittentin ab dem 12. Juni 2017

Die Emittentin kann die Schuldverschreibungen vorbehaltlich § 5(6) am 12. Juni 2017 oder an jedem danach folgenden Variablen Zinszahlungstag vollständig, aber nicht in Teilbeträgen nach unwiderruflicher Kündigungsmitteilung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Kalendertagen zum Nennbetrag zuzüglich sämtlicher bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen kündigen.

Eine solche Kündigungsmitteilung verpflichtet die Emittentin, die Schuldverschreibungen am 12. Juni 2017 oder an dem in dieser Kündigungsmitteilung angegebenen Variablen Zinszahlungstag zu ihrem Nennbetrag, nebst Zinsen, die bis zu diesem Kalendertag aufgelaufen sind, zurückzuzahlen.

(5) Rückkauf von Schuldverschreibungen

Die Emittentin oder jede ihrer Tochtergesellschaften können vorbehaltlich § 5(6) unter Einhaltung der zwingenden gesetzlichen Vorschriften jederzeit Schuldverschreibungen am Markt oder anderweitig zu jedem beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen können entwertet, gehalten oder wieder veräußert werden.

(6) Einschränkung des Kündigungsrechts und des Rückkaufs

(a) Der Emittentin steht das Recht zur Kündigung und Rückzahlung der Schuldverschreibungen gemäß § 5(2) oder § 5(4) nur dann zu, wenn der Nennbetrag der zurückzuzahlenden Schuldverschreibungen durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. eine Nachfolgebehörde der Rückzahlung zugestimmt hat.

(b) Den in § 5(5) genannten Personen steht das Recht zum Erwerb der Schuldverschreibungen gemäß § 5(5) vorbehaltlich zwingender gesetzlicher Regelungen nur dann zu, wenn der Nennbetrag der zu erwerbenden Schuldverschreibungen durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. eine Nachfolgebehörde dem Erwerb zugestimmt hat.

“Redemption Calculation Date” means the third Business Day prior to the date on which the Bonds are redeemed at the option of the Issuer as a result of an Accounting Event, a Capital Event or a Regulatory Event.

(4) Redemption at the option of the Issuer from 12 June 2017

Subject to § 5(6), the Issuer may call the Bonds (in whole but not in part) on 12 June 2017 or on any Floating Interest Payment Date thereafter at their Principal Amount, plus any interest accrued until the Redemption Date (exclusive) on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice of redemption to the Bondholders in accordance with § 11.

Such notice of redemption shall oblige the Issuer to redeem the Bonds on 12 June 2017 or the Floating Interest Payment Date specified in that notice at the Principal Amount, plus accrued interest to that date.

(5) Purchase of Bonds

The Issuer or any of its subsidiaries may at any time, and subject to § 5(6) and to mandatory provisions of law purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold.

(6) Limitation of termination rights and purchase

(a) The Issuer may call and redeem the Bonds in accordance with § 5(2) or § 5(4) only if the principal amount of the Bonds to be redeemed has been replaced by other at least equivalent regulatory capital or if the Federal Financial Services Supervisory Authority or any Successor Authority has given its consent to the redemption.

(b) The persons mentioned in § 5(5) may, subject to mandatory provisions of law, acquire the Bonds in accordance with § 5(5) only if the principal amount of the Bonds to be purchased has been replaced by other at least equivalent regulatory capital or if the Federal Financial Services Supervisory Authority or any Successor Authority has given its consent to the acquisition.

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| <p>(c) Sofern die Schuldverschreibungen unter anderen als den in diesem § 5 beschriebenen Umständen zurückgezahlt werden, ist der zurückgezahlte Betrag der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren.</p> <p>(d) Sofern ein Solvabilitätsereignis eingetreten ist oder noch andauert, steht der Emittentin das Recht zur Kündigung und Rückzahlung der Schuldverschreibungen nicht zu.</p> <p>(7) Keine Rückzahlung nach Wahl der Anleihegläubiger
Die Anleihegläubiger sind zu keinem Zeitpunkt berechtigt, von der Emittentin eine Rückzahlung der Schuldverschreibungen zu verlangen.</p> | <p>(c) If the Bonds are repaid in circumstances other than as described in this § 5, then, irrespective of any agreement to the contrary, the amount so repaid must be repaid to the Issuer.</p> <p>(d) The Issuer may not call and redeem the Bonds as long as a Solvency Event has occurred or is continuing.</p> <p>(7) No redemption at the option of the Bondholders
The Bondholders shall not be entitled to put the Bonds for redemption at any time.</p> |
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**§ 6
ZAHLUNGEN**

- (1) Zahlung von Kapital und Zinsen**
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 Zahlung von Kapital und Zinsen erfolgt an eine Zahlstelle zur Weiterleitung an das Clearingsystem oder an dessen Order zur Gutschrift für die jeweiligen Kontoinhaber gegen Vorlage und (sofern es sich um die Kapitalrückzahlung handelt) Einreichung der Globalurkunden bei der bezeichneten Geschäftsstelle (§ 9) dieser Zahlstelle. Die Zahlung an das Clearingsystem oder an dessen Order befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen.
- (2) Fälligkeitstag kein Geschäftstag**
Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung, außer im Fall des § 4(2)(b), erst am nächstfolgenden Geschäftstag; Anleihegläubiger sind nicht berechtigt, zusätzliche Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

**§ 6
PAYMENTS**

- (1) Payment of principal and interest**
The Issuer undertakes to pay, as and when due, principal and interest as well as all other amounts payable on the Bonds in Euro. Payment of principal and interest on the Bonds shall be made to a Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders upon presentation and (in the case of the payment in respect of principal) surrender of the Global Bonds to the specified office (§ 9) of this Paying Agent. Payments to the Clearing System or to its order shall, to the extent of amounts so paid, constitute the discharge of the Issuer from its corresponding obligations under the Bonds.
- (2) Due date not a Business Day**
Except as otherwise provided in § 4(2)(b), 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 additional interest or other indemnity in respect of such delay in payment.

§ 7
BESTEUERUNG

(1) **Zusätzliche Beträge**

Sämtliche Zahlungen auf die Schuldverschreibungen (seien es Kapital oder Zinsen oder sonstige Beträge) sind von der Emittentin frei von und ohne Einbehalt oder Abzug von oder wegen gegenwärtiger oder zukünftiger Steuern, oder sonstiger Abgaben gleich welcher Art zu leisten, die von oder in dem Land, in dem die Emittentin ihren Sitz hat, oder von einer Gebietskörperschaft oder einer dortigen zur Steuererhebung ermächtigten Behörde oder Stelle erhoben werden, es sei denn, der Abzug oder Einbehalt solcher Steuern oder sonstiger Abgaben ist gesetzlich vorgeschrieben oder ergibt sich aus der Auslegung oder Anwendung eines Gesetzes. In diesem Fall wird die Emittentin diejenigen zusätzlichen Beträge zahlen, die erforderlich sind, damit die von jedem Anleihegläubiger zu empfangenden Beträge nach einem solchen Abzug oder Einbehalt den Beträgen entsprechen, die der Anleihegläubiger ohne einen solchen Abzug oder Einbehalt erhalten hätte. Derartige zusätzliche Beträge müssen jedoch nicht in Bezug auf Zahlungen auf eine Schuldverschreibung erbracht werden, wenn:

- (a) die Zahlungen an einen Anleihegläubiger oder in dessen Namen an einen Dritten geleistet werden, der solchen Steuern oder sonstigen Abgaben in Bezug auf diese Schuldverschreibungen deshalb unterliegt, weil er eine andere Beziehung zur Rechtsordnung der Emittentin hat als den bloßen Umstand, dass er (i) Inhaber einer solchen Schuldverschreibung ist oder (ii) Kapital, Zinsen oder andere Beträge in Bezug auf eine solche Schuldverschreibung erhält; oder
- (b) die Schuldverschreibung mehr als 30 Kalendertage nach dem Relevanten Datum zur Zahlung vorgelegt wird, es sei denn, der betreffende Anleihegläubiger hätte auch bei Vorlegung am Ende oder vor Ablauf dieses Zeitraums von 30 Kalendertagen einen Anspruch auf Erhalt dieser zusätzlichen Beträge gehabt; oder

§ 7
TAXATION

(1) **Additional amounts**

All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Bonds by the Issuer will be made free and clear of and without withholding or deduction for or on account of any present or future taxes or other duties of whatever nature imposed or levied by or on behalf of the jurisdiction of incorporation of the Issuer or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the deduction or withholding of such taxes or other duties is required by interpretation or application of law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts receivable by the Bondholder after such deduction or withholding shall equal the respective amounts which would have been received by such Bondholder in the absence of such deduction or withholding; except that no such additional amounts shall be payable in relation to any payment in respect of any Bond:

- (a) to, or to a third party on behalf of, a Bondholder who is liable to such taxes or other duties in respect of such Bond by reason of his having some connection with the jurisdiction of incorporation of the Issuer other than (i) the mere holding of such Bond or (ii) the receipt of principal, interest or other amounts in respect of such Bond; or
- (b) presented for payment more than 30 calendar days after the Relevant Date, except to the extent that the relevant Bondholder would have been entitled to such additional amounts on presenting the same for payment on or before the expiry of such period of 30 calendar days; or

- (c) ein solcher Abzug oder Einbehalt hinsichtlich einer Auszahlung an eine natürliche Person erfolgt und auf Grund der Richtlinie des Europäischen Rats 2003/48/EC oder einer anderen Richtlinie zu erfolgen hat, die die Ergebnisse des Ministerratstreffens der Finanzminister der Europäischen Union vom 26. bis zum 27. November 2000 bezüglich der Besteuerung von Kapitaleinkünften umsetzt, oder auf Grund eines jeden anderen Gesetzes, das die Umsetzung einer solchen Richtlinie bezweckt, oder das erlassen wurde, um den Anforderungen einer solchen Richtlinie zu genügen; oder
- (c) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive; or
- (d) die Schuldverschreibung von einem Anleihegläubiger oder im Namen eines Anleihegläubigers zur Auszahlung vorgelegt wird, welcher einen Abzug oder Einbehalt durch Vorlegung der betreffenden Schuldverschreibung bei einer anderen Zahlstelle in einem Mitgliedsstaat der Europäischen Union hätte vermeiden können.
- (d) presented for payment by or on behalf of a Bondholder who would have been able to avoid such deduction or withholding by presenting the relevant Bond to another Paying Agent in a member state of the European Union.

(2) Relevantes Datum

Das “**Relevante Datum**” für eine Zahlung ist das Datum, zu dem diese Zahlung erstmalig fällig und zahlbar wird; falls jedoch die zahlbaren Gelder nicht in voller Höhe an oder vor diesem Fälligkeitsdatum bei der Zahlstelle eingegangen sind, bedeutet es das Datum, an dem die Gelder in voller Höhe eingegangen sind und zur Zahlung an die Anleihegläubiger zur Verfügung stehen und eine entsprechende Bekanntmachung an die Anleihegläubiger gemäß § 11 erfolgt ist.

(2) Relevant Date

The “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the monies payable has not been received by the Paying Agent on or prior to such due date, it means the date on which the full amount of such moneys has been received, is available for payment to Bondholders and notice to that effect has been duly given to the Bondholders of the Bonds in accordance with § 11.

§ 8
VORLEGUNGSFRIST

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen in Bezug auf den Nennbetrag auf zehn Jahre verkürzt.

§ 8
PRESENTATION PERIOD

The term for presentation of the Bonds in respect of the Principal Amount as laid down in Section 801, paragraph 1, sentence 1 of the German Civil Code is reduced to ten years.

§ 9
ZAHLSTELLEN UND BERECHNUNGSSTELLE

(1) Hauptzahlstelle

Die Deutsche Bank Aktiengesellschaft mit der Geschäftsstelle in Große Gallusstraße 10-14, 60272 Frankfurt am Main, Deutschland ist die Hauptzahlstelle (“**Hauptzahlstelle**”).

§ 9
PAYING AGENTS AND CALCULATION AGENT

(1) Principal Paying Agent

Deutsche Bank Aktiengesellschaft with its office in Große Gallusstrasse 10-14, 60272 Frankfurt am Main, Germany shall be the principal paying agent (“**Principal Paying Agent**”).

(2) Luxemburger Zahlstelle

Die Deutsche Bank Luxembourg S.A. mit der Geschäftsstelle in 2, bvd. Konrad Adenauer, L-1115 Luxemburg ist als weitere Zahlstelle (gemeinsam mit der Hauptzahlstelle, die “**Zahlstellen**”, und jede eine “**Zahlstelle**”) bestellt.

(2) Luxembourg Paying Agent

Deutsche Bank Luxembourg S.A. with its office in 2, bvd. Konrad Adenauer, L-1115 Luxembourg shall be appointed as additional paying agent (together with the Principal Paying Agent, the “**Paying Agents**”, and each a “**Paying Agent**”).

(3) Berechnungsstelle

Die Deutsche Bank Aktiengesellschaft ist die Berechnungsstelle (“Berechnungsstelle”).

(4) Rechtsverhältnisse der Zahlstellen und der Berechnungsstelle

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

(5) Ersetzung von Zahlstellen und Berechnungsstelle

Die Emittentin behält sich das Recht vor, jederzeit eine andere Zahlstelle oder Berechnungsstelle zu beauftragen oder eine solche Beauftragung zu beenden und zusätzliche oder andere Zahlstellen bzw. andere Berechnungsstellen zu ernennen. Die Emittentin wird jedoch gewährleisten, dass, solange die Schuldverschreibungen an einer Börse notiert sind, jederzeit eine Zahlstelle in dem Staat beauftragt ist, in dem die Börse ihren Sitz hat. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen oder die Berechnungsstelle oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß § 11 mitgeteilt.

**§ 10
AUFSTOCKUNG**

Die Emittentin ist berechtigt, von Zeit zu Zeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (abgesehen von der ersten Zinszahlung) wie diese Schuldverschreibungen zu begeben, so dass die neu begebenen Schuldverschreibungen mit diesen eine einheitliche Serie bilden.

(3) Calculation Agent

Deutsche Bank Aktiengesellschaft shall be the calculation agent (“Calculation Agent”).

(4) Paying Agents and Calculation Agent Legal Matters

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

(5) Replacement of Paying Agents and Calculation Agent

The Issuer reserves 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 a successor Calculation Agent, provided that, for as long as the Bonds are listed on any stock exchange, the Issuer shall at all times maintain a Paying Agent in the jurisdiction in which such stock exchange is located. 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 be given without undue delay to the Bondholders in accordance with § 11.

**§ 10
INCREASE**

The Issuer may from time to time, without the consent of the Bondholders issue further Bonds having the same conditions of Issue as such Bonds (except for the first payment of interest) so as to form a single series with the Bonds.

§ 11
BEKANNTMACHUNGEN

(1) Ort der Bekanntmachungen

- (a) Bekanntmachungen an Anleihegläubiger erfolgen (i) in einer führenden deutschsprachigen Tageszeitung mit allgemeiner Verbreitung in der Bundesrepublik Deutschland (voraussichtlich die “Börsen-Zeitung” oder die “Frankfurter Allgemeine Zeitung”) und (ii) wenn die Schuldverschreibungen an der Luxemburger Börse notiert sind, für die Dauer ihrer Notierung und soweit es die Bestimmungen dieser Börse verlangen, in einer führenden Tageszeitung mit allgemeiner Verbreitung in Luxemburg (voraussichtlich dem “d’Wort”) oder auf der Internetseite der Luxemburger Börse (www.bourse.lu), oder, im Fall von (i) oder (ii), sofern eine solche Veröffentlichung nicht praktikabel ist, durch Veröffentlichung einer führenden deutschsprachigen Tageszeitung mit allgemeiner Verbreitung in der Bundesrepublik Deutschland (oder solange die Schuldverschreibungen in vorläufigen oder dauerhaften Globalurkunden verbrieft sind und dies von der betreffenden Börse erlaubt ist, durch Weitergabe an das Clearingsystem, damit dieses die Informationen an die Personen übermittelt, die in seinen jeweiligen Unterlagen als Personen mit berechtigtem Interesse geführt werden).
- (b) Die Emittentin stellt sicher, dass alle Bekanntmachungen ordnungsgemäß in Übereinstimmung mit den Erfordernissen der jeweiligen Börsen, an denen die Schuldverschreibungen notiert sind, erfolgen.

(2) Wirksamwerden der Bekanntmachungen

Jede Bekanntmachung wird am Tag der ersten Veröffentlichung (oder, soweit eine Veröffentlichung in mehr als einer Zeitung vorgeschrieben ist, am ersten Tag, an dem die Veröffentlichung in allen vorgeschriebenen Zeitungen erfolgt ist) oder am vierten Geschäftstag nach dem Tag einer Weitergabe an das Clearingsystem wirksam.

§ 11
NOTICES

(1) Place of notification

- (a) Notices to Bondholders will be made (i) in a leading newspaper published in the German language and of general circulation in the Federal Republic of Germany (which is expected to be the Börsen-Zeitung or Frankfurter Allgemeine Zeitung) and (ii) in the case of any Bonds which are listed on the Luxembourg Stock Exchange (so long as such Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a leading newspaper of general circulation in Luxembourg (which is expected to be the *d’Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or (in the case of (i) or (ii)), if such publication is not practicable, in a leading German language newspaper of general circulation in the Federal Republic of Germany (or, if permitted by the rules of the relevant stock exchange, so long as the Bonds are represented by temporary global bonds or permanent global bonds, if delivered to the Clearing System for communication by it to the persons shown in its respective records as having interests therein).
- (b) The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Bonds are listed.

(2) Effectiveness of notices

Any notice will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the fourth Business Day after the date of such delivery to the Clearing System.

§ 12

ERSETZUNG DER EMITTENTIN

(1) Ersetzung

Die Emittentin ist berechtigt, ohne Zustimmung der Anleihegläubiger an ihre Stelle eine Tochtergesellschaft, an der die Emittentin unmittelbar oder mittelbar Anteile von mindestens 95% hält, als Schuldnerin in Bezug auf die Schuldverschreibungen (die **“Neue Emittentin”**) zu setzen. Eine solche Ersetzung ist durch die Emittentin und die Neue Emittentin gemäß § 11 zu veröffentlichen. Sie setzt voraus, dass

- (a) die Emittentin nicht mit irgendwelchen auf die Schuldverschreibungen zahlbaren Beträgen in Verzug ist;
- (b) die Emittentin und die Neue Emittentin die für die Wirksamkeit der Ersetzung erforderlichen Vereinbarungen (die **“Vereinbarungen”**) abgeschlossen haben, in denen die Neue Emittentin sich zu Gunsten eines jeden Anleihegläubigers als begünstigtem Dritten i.S.d. § 328 BGB verpflichtet hat, als Schuldnerin in Bezug auf die Schuldverschreibungen diese Anleihebedingungen anstelle der Emittentin oder jeder vorhergehenden ersetzenden Schuldnerin nach diesem § 12 einzuhalten;
- (c) die Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (**“Münchener Rück”**) und die Neue Emittentin eine nachrangige Darlehensvereinbarung abgeschlossen haben, die im Wesentlichen gleiche Bedingungen wie die Bedingungen der Schuldverschreibungen vorsieht und gewährleistet, dass das gegen die Begebung der Schuldverschreibungen geleistete Kapital, das den Eigenmitteln der Münchener Rück zugewiesen ist, für die Münchener Rück voll anrechenbar bleibt;
- (d) sofern die Neue Emittentin in steuerlicher Hinsicht in einem anderen Gebiet ihren Sitz (der **“Neue Sitz”**) hat als in dem, in dem die Emittentin vor der Ersetzung in steuerlicher Hinsicht ansässig war (der **“Frühere Sitz”**), die Vereinbarungen eine Verpflichtungserklärung und/oder solche anderen Bestimmungen enthalten, die gegebenenfalls erforderlich sind, um sicherzustellen, dass jeder Anleihegläubiger aus einer den Bestimmungen des § 7 entsprechenden Verpflichtung begünstigt wird, wobei, soweit anwendbar, die Bezugnahmen auf den Früheren Sitz durch Bezugnahmen auf den Neuen Sitz ersetzt werden;

§ 12

SUBSTITUTION OF THE ISSUER

(1) Substitution

The Issuer may without the consent of Bondholders, substitute for itself any subsidiary, which is, directly or indirectly, at least 95 per cent. owned by the Issuer as the debtor in respect of Bonds (the **“Substituted Debtor”**) upon notice by the Issuer and the Substituted Debtor to be given by publication in accordance with § 11, provided that:

- (a) the Issuer is not in default in respect of any amount payable under any of the Bonds;
- (b) the Issuer and the Substituted Debtor have entered into such documents (the **“Documents”**) as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Bondholder as third party beneficiary pursuant to § 328 of the German Civil Code to be bound by these Conditions of Issue as the debtor in respect of the Bonds in place of the Issuer (or of any previous substitute under this § 12);
- (c) Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (**“Munich Re”**) and the Substituted Debtor have entered into a subordinated loan agreement with terms substantially equal to the terms of the Bonds ensuring that the capital paid for the issue of the Bonds allocated to Munich Re’s regulatory capital shall remain fully accountable to Munich Re;
- (d) if the Substituted Debtor is resident for tax purposes in a territory (the **“New Residence”**) other than that in which the Issuer prior to such substitution was resident for tax purposes (the **“Former Residence”**) the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Bondholder has the benefit of an undertaking in terms corresponding to the provisions of § 7, with, where applicable, the substitution of references to the Former Residence with references to the New Residence;

- (e) die Emittentin eine nachrangige Garantie begibt, die sich auf die Verpflichtungen der Neuen Schuldnerin aus den Vereinbarungen erstreckt;
- (f) die Neue Emittentin und die Emittentin alle erforderlichen behördlichen Genehmigungen und Zustimmungen für die Ersetzung und für die Erfüllung der Verpflichtungen der Neuen Schuldnerin aus den Vereinbarungen erhalten haben;
- (g) jede Wertpapierbörse, an der die Schuldverschreibungen zugelassen sind, bestätigt hat, dass nach der vorgesehenen Ersetzung durch die Neue Emittentin diese Schuldverschreibungen weiterhin an dieser Wertpapierbörse zugelassen sind;
- (h) soweit anwendbar, die Neue Emittentin einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit den Schuldverschreibungen ernannt hat; und
- (i) der Hauptzahlstelle Rechtsgutachten, die dort in Kopie erhältlich sein werden, von Rechtsberatern von anerkanntem Ruf zugestellt wurden, die die Emittentin für jede Rechtsordnung ausgewählt hat, in der die Emittentin, und, soweit davon verschieden, die Neue Emittentin ihren Sitz haben, und in denen bestätigt wird, soweit zutreffend, dass mit Durchführung der Schuldnerersetzung die Anforderungen in vorstehenden Unterabsätzen (a) bis (h) erfüllt worden sind.
- (2) Folge der Ersetzung; weitere Ersetzung und Bezugnahmen im Fall der Ersetzung der Emittentin**
- (a) Durch eine solche Ersetzung folgt die Neue Emittentin der Emittentin nach, ersetzt diese und kann alle Rechte und Ansprüche der Emittentin aus den Schuldverschreibungen mit der gleichen Wirkung ausüben, als ob die Neue Emittentin in diesen Anleihebedingungen als Emittentin genannt worden wäre. Die Emittentin wird von ihren Verpflichtungen aus den Schuldverschreibungen befreit.
- (b) Nach einer Ersetzung gemäß diesem § 12 kann die Neue Emittentin ohne Zustimmung der Anleihegläubiger eine weitere Ersetzung durchführen. Die in § 12 (a) bis (i) und (2) genannten Bestimmungen finden entsprechende Anwendung. Bezugnahmen in diesen Anleihebedingungen auf die Emittentin gelten, wo der Zusammenhang dies erfordert, als Bezugnahmen auf eine derartige weitere Neue Emittentin.
- (e) the Issuer issues a subordinated guarantee which extends to the obligations of the Substituted Debtor under the Documents;
- (f) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents;
- (g) each stock exchange on which the Bonds are listed shall have confirmed that, following the proposed substitution of the Substituted Debtor, such Bonds will continue to be listed on such stock exchange;
- (h) if applicable, the Substituted Debtor has appointed a process agent as its agent in The Federal Republic of Germany to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Bonds upon; and
- (i) legal opinions shall have been delivered to the Principal Paying Agent (from whom copies will be available) from legal advisers of good standing selected by the Issuer in each jurisdiction in which the Issuer and (if different) the Substituted Debtor are incorporated confirming, as appropriate, that upon the substitution taking place the requirements according to subsections (a) to (h) above have been met.
- (2) Consequences of a replacement, further replacements and references in case of substitution of the Issuer**
- (a) Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Bonds with the same effect as if the Substituted Debtor had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Bonds.
- (b) After a substitution pursuant to this § 12, the Substituted Debtor may, without the consent of Bondholders, effect a further substitution. All the provisions specified in § 12 (1)(a) to (i) and (2) shall apply *mutatis mutandis*, and references in these Conditions of Issue to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

(c) Nach einer Ersetzung gemäß diesem § 12 kann jede Neue Emittentin durch Bekanntmachung nach § 11 ohne Zustimmung der Anleihegläubiger die Ersetzung entsprechend rückgängig machen.

§ 13

**ANWENDBARES RECHT; ERFÜLLUNGSORT;
GERICHTSSTAND**

(1) Anwendbares Recht

Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Anleihegläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht unter Ausschluss der Kollisionsnormen des internationalen Privatrechts.

(2) Erfüllungsort

Erfüllungsort ist München, Bundesrepublik Deutschland.

(3) Gerichtsstand

Nicht-ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus oder im Zusammenhang mit den Schuldverschreibungen ist München, Bundesrepublik Deutschland.

§ 14

SPRACHE

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Wortlaut ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich und dient nur der Information.

2. USE OF PROCEEDS

Net of commissions and expenses the Issuer expects the gross proceeds from the Bonds to amount up to approximately EUR 1.49 billion. The Issuer intends to use the net proceeds of the issuance of the Bonds for general corporate purposes of the Munich Re Group.

(c) After a substitution pursuant to this § 12 any Substituted Debtor may, without the consent of any Bondholder, reverse the substitution, *mutatis mutandis*.

§ 13

**GOVERNING LAW; PLACE OF
PERFORMANCE; JURISDICTION**

(1) Governing law

The form and contents of the Bonds and the rights and obligations of the Bondholders and the Issuer shall in each respect be governed by, and construed in accordance with, German law without giving effect to the principles of conflict of laws thereof.

(2) Place of Performance

Place of performance is Munich, Federal Republic of Germany.

(3) Jurisdiction

The courts of Munich, Federal Republic of Germany shall have non-exclusive jurisdiction for any disputes, which may arise out of or in connection with the Bonds.

§ 14

LANGUAGE

These Conditions of Issue are drawn up in the German language. An English language translation is attached. The German version shall be binding and decisive. The English language translation is for convenience and for information purposes only.

Part D: Description of the Issuer

STATUTORY AUDITORS

The auditors of the Issuer are KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG), Ganghoferstrasse 29, D-80339 Munich, Germany. KPMG is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer, Körperschaft des öffentlichen Rechts*), Berlin, Germany.

KPMG has audited the annual consolidated financial statements as of and for the year ended 31 December 2006 and 2005 and issued in each case an unqualified opinion.

INFORMATION ABOUT THE ISSUER

Name, Place and Registration of the Issuer

The Issuer, having its seat in Munich, is a stock corporation under German law (Aktiengesellschaft) and is registered in the commercial register (Handelsregister) at the Local Court of Munich under Docket No. HRB 42039 under the legal name of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München. The commercial name of the Issuer in German is Münchener Rück and in English Munich Re. The registered office of the Issuer is at Königinstrasse 107, D-80802 Munich, Germany, Tel. +49 (0) 89 38 91-0.

History and Development of the Issuer

The Issuer was established in Munich in 1880 and was registered in the commercial register at the Local Court of Munich on 19 April 1880. From the beginning, the object of the company was the reinsurance in all classes of business. On 21 March 1888, the bank Merck, Finck & Co. launched the company on the stock exchange. Shortly after its establishment, the Issuer expanded its activities to foreign countries. In 1890 it established its London branch and in 1899 its branch in the United States. Not least as a result of the settlement of the claims arisen in connection with the San Francisco earthquake in 1906, interest in reinsurance has continuously increased, in particular in the United States. Since that time, the Issuer has developed into one of the leading reinsurance companies worldwide. In 1996, the Issuer took over American Re Corporation in order to expand its market position in the United States, the biggest reinsurance market in the world, and renamed it into Munich Re America Corporation in 2006.

Through its acquisition of the majority in Hamburg-Mannheimer Versicherungs-AG, the Munich Re Group is also active in the primary insurance business through its shareholdings. As a result of restructurings, since 1997, the primary insurance business has been conducted particularly through ERGO Versicherungsgruppe AG.

In 1999, the Issuer and ERGO established MEAG MUNICH ERGO AssetManagement GmbH for the purpose of optimising their asset management operations.

Objects and Business Year

According to Section 1 of the Articles of Association of the Issuer, the objects and purposes of the Issuer are the provision of reinsurance in all classes of business. The Issuer may establish branches in Germany or other countries, may form, acquire or participate in companies of all types, may manage companies or may restrict itself to managing the participations. It is entitled to carry out all transactions and measures that appear suited to serving the object of the Issuer.

Copies of the Articles of Association in German language are publicly available from the Commercial Register in Munich. German and English language versions can be found on the Issuer's website <http://www.munichre.com>.

The business year of the Issuer is the calendar year.

Share Capital

As of the date of this Prospectus, the issued share capital of the Issuer amounted to EUR 587,725,396.48, consisting of 221,539,415 ordinary registered no par value shares (Stückaktien), following a buy-back of 8,040,818 shares on the stock exchange in the period from 27 November 2006 until 22 February 2007. These own shares were cancelled on the basis of a resolution of the Managing Board on 17 April 2007, as a result of which the number of shares was reduced from 229,580,233 to its current 221,539,415 whilst leaving the amount of the share capital unchanged. All shares are fully paid up and have the same voting

Part D: Description of the Issuer

rights. The shares are represented by global share certificates that have been deposited with Clearstream Banking AG, Frankfurt am Main. The shareholders are not entitled to request the delivery of share certificates.

The Issuer has an authorised share capital (genehmigtes Kapital) of EUR 280,000,000 that is available with a time limit of 25 May 2009 (Authorised Capital Increase 2004). New registered no par value shares may be issued at one or more occasions for contributions in cash or kind. However, the Managing Board, with the consent of the Supervisory Board, may exclude the pre-emptive rights of the existing shareholders under certain circumstances as set forth in the Articles of Association of the Issuer.

Further, the Issuer has an authorized share capital of EUR 5,000,000.00 that is available with a time limit of 18 April 2011 (Authorised Capital Increase 2006). The authorization may be exercised in part amounts and the pre-emptive rights of the existing shareholders are excluded to allow the shares to be issued to employees of the Munich Re Group.

The capital stock is increased contingently (bedingtes Kapital) by up to EUR 135,000,000 through the issue of new registered no par value shares with participating rights effective from the beginning of the financial year in which they are issued. The contingent capital increase can be used to grant shares to holders of convertible and warrant bonds.

The ordinary general meeting of the Issuer of 26 April 2007 authorised the Managing Board of the Issuer to buy back up to 10 per cent. of its outstanding share capital. The authorization expires on 25 October 2008 in accordance with § 71 Section 1 No. 8 of the German Stock Corporation Act. The Issuer is currently implementing a share buy-back programme. As at 31 May 2007 (inclusive) the Issuer had so repurchased 2,510,000 own shares.

Capitalisation and Indebtedness

The following presents the capitalisation and indebtedness of the Issuer on a consolidated basis. The information below was extracted from the unaudited consolidated financial statements of the Issuer as of 31 March 2007.

Capitalisation

	31 March 2007 (EUR million) (unaudited)
Bonds and notes issued	374
Subordinated liabilities	3,417
Deposits retained on ceded business and Other liabilities	13,519
Other accrued and deferred items	13,311
Total liabilities as of 31 March 2007	30,621
	31 March 2007 (EUR million) (unaudited)
Net underwriting provisions for life insurance policies where the investment risks is borne by the policyholder	2,045
Net underwriting provisions	153,323
Minority interests	486
The Group's Shareholders' Equity as of 31 March 2007 was comprised of:	
Issued capital and capital reserve	7,388
Revenue reserves	12,129
Other reserves	5,494
Consolidated profit, Attributable to Munich Re equity holders	965
Total Shareholders' Equity as of 31 March 2007	25,976
Total Capitalisation as of 31 March 2007	57,083*
Hidden Reserves (after policyholder participation and taxes)	648
Total Shareholders' Equity and Hidden Reserves as of 31 March 2007	26,624
The Bonds now being issued (nominal value)	1,500

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

Major Shareholders

Until the end of February 2007, Allianz was the Issuer's largest single shareholder, with 9.4 per cent. of the share capital. At the beginning of March 2007, Allianz partially redeemed its BITES exchangeable bond early with shares of the Issuer, which reduced its stake in the Issuer to 4.9 per cent. Therefore, this shareholding is now allocated to the free float. At the end of September 2006, AXA notified that it held more than 5 per cent. of the Issuer's shares, mostly attributable to it via an investment and asset management company in the United States (AllianceBernstein L.P.). Designated a purely financial investment without strategic interests, these shares are included in the free float. The UniCredit Group has further reduced its stake held via HypoVereinsbank from 4.57 per cent. to 1.58 per cent. In January and in March, Barclays and UBS both notified the Issuer that they have increased their stake in the Issuer to more than 3 per cent., respectively. In May 2007 UBS notified the Issuer that they have decreased their stake in the Issuer from above 3 per cent. to 1.86 per cent. Since March 2007, the Issuer's free float has stood at 100 per cent.

As at 31 December 2006, nearly 70 per cent. of the shares were held by foreign investors (end of 2005: around 60 per cent.). Private investors accounted for 7.7 per cent.

Given the current state of the Issuer's shareholder structure and the capital markets, a change of ownership or control of the Issuer cannot be excluded. During the last few months members of the Managing Board have repeatedly been approached, in particular also by representatives of banks and consultants, that an offer to acquire the majority of the Issuer's shares may be imminent. Currently, however, the Issuer's Managing Board has no confirmed information that any party is in the course of preparing such an offer.

Dividends

Dividends are proposed by the Supervisory Board and the Managing Board, and are approved at the annual ordinary general meeting of shareholders. If approved, dividends are paid once a year promptly following the general meeting. Dividends may be declared and paid from the net retained profit (Bilanzgewinn) only, as shown in the annual financial statements. The annual financial statements are adopted and approved by resolution of the Managing Board and the Supervisory Board. In determining the distributable balance sheet profits, the Managing Board and the Supervisory Board are authorized to allocate to revenue reserves (Gewinnrücklagen) up to 50 per cent. of the profit for the year (Jahresüberschuss) that remains after deduction of amounts to be allocated to the statutory reserves and losses carried forward. The ordinary general meeting, which resolves on the distribution of profits, is entitled to allocate additional amounts to the profit reserves and to carry forward the profit in part or in full.

For the financial years 2004, 2005 and 2006 the Issuer has paid the following dividends on fully paid up shares:

	Dividend in EUR
2004	2.00
2005	3.10
2006	4.50

Business Overview

The Munich Re Group is one of the world's leading risk carriers. Its business covers the whole value-added chain in insurance and reinsurance. The Munich Re Group is also active in the field of asset management. The Issuer is the parent of the Munich Re Group.

The core business of the Munich Re Group is reinsurance in virtually all classes of the insurance business and in all continents, which contributed 55 per cent. of its gross premiums written in 2006. 65 per cent. thereof derived from property-casualty reinsurance and 35 per cent. from life and health reinsurance. For this purpose, the Issuer maintains subsidiaries, branches, agencies and other offices around the world. In 2006, the Munich Re Group generated over 50 per cent. of its reinsurance business in Europe, approximately 35 per cent. in Northern America and the remainder in other markets around the world.

The Munich Re Group's second main field of operations is primary insurance, which produced 45 per cent. of gross premiums written in 2006 and primarily focuses on personal lines business in Europe and in particular Germany. In Germany and Europe, the Munich Re Group, through the ERGO Group, is one of the largest primary insurance groups with almost EUR 17 billion gross premiums written in 2006. Of the gross

premiums written in 2006, 31 per cent. of the primary insurance business derived from property-casualty insurance and 69 per cent. from life and health insurance.

The Munich Re Group also operates in the field of asset management through MEAG, the asset management company of the Munich Re Group. Its main function is to manage the investments of the Munich Re Group. MEAG also offers its expertise to private and institutional clients outside the Munich Re Group.

As at 31 March 2007, the Munich Re Group had a total of 37,754 (31 December 2006: 37,210) staff worldwide, of whom 6,970 (6,928) were employed in reinsurance, 29,895 (29,509) in primary insurance, and 889 (773) in asset management business. 25,647 (25,524) staff were employed in Germany and 12,107 (11,686) outside Germany.

Reinsurance

The Munich Re Group operates in virtually all classes of reinsurance. It offers a full range of products from traditional reinsurance to innovative solutions for risk assumption.

The two reinsurance segments Life & Health and Property-Casualty accounted in 2006 for EUR 0.6 billion (1.0 billion) and EUR 2.1 billion (0.4 billion) of the consolidated result respectively. The operating result in Property-Casualty reflects the reduction of EUR 2,439 million in the burden from major losses, due above all to the lower frequency of severe natural catastrophe losses. This was paralleled by the good business performance in Life & Health which, together with a solid investment result, enabled the operating result for reinsurance to climb in 2006 overall by 84.5 per cent. to EUR 4.4 billion (2.4 billion). The result improvements extended across all divisions and are generally reflected in substantially lower combined ratios. Premium income remained steady in 2006 at EUR 22.2 billion (22.3 billion).

The reinsurance business is divided between six divisions: Life and Health, as well as Europe and Latin America (E/LA), Germany, Asia Pacific and Africa (GAPA), North America (NA), Corporate Underwriting Global Clients (CUGC) and Special and Financial Risks (SFR) which form the Property-Casualty segment.

Primary Insurance

The primary insurance operations of the Munich Re Group provide over 30 million clients with cover in the areas of life, health, property-casualty and legal expenses insurance. The clients in this field consist mainly of private individuals and small and medium-sized businesses.

In 2006, the Munich Re Group generated virtually all of its primary insurance business in Europe, 78 per cent. thereof coming from Germany. Its business is conducted in particular via the ERGO Group, with its major brands VICTORIA, Hamburg-Mannheimer, DKV, D.A.S. and KarstadtQuelle Versicherungen, but also via Europäische Reiseversicherung and Watkins Syndicate.

Asset Management

The asset management business of the Munich Re Group is conducted primarily by MEAG and its subsidiaries in Munich. As at 31 December 2006 MEAG had Munich Re Group assets under management in an amount of EUR 172 billion. The other investments of the Munich Re Group are mostly deposits retained on assumed reinsurance business and are handled by the insurance companies of the Munich Re Group themselves. MEAG also offers its expertise in asset management to private and institutional clients outside the Munich Re Group, thus tapping additional sources of earnings. As at 31 December 2006, MEAG had investments of EUR 11.2 billion (10.5 billion) under management for third party investors.

Organisational Structure

As at 31 December 2006, the Issuer directly or indirectly held interests in the major subsidiaries and associates listed in the chart below that provides a general overview and is not complete. In the case of companies that are marked with *) the overview does not show whether the Issuer holds a direct or an indirect interest. The interest in such companies is calculated proportionally in each case.

Part D: Description of the Issuer

	% share of capital
Reinsurance, consolidated subsidiaries	
Munich Re America Corporation, Wilmington, Delaware	100.00%
Great Lakes Reinsurance (UK) PLC, London	100.00%
Münchener Rück Italia S. p. A., Milan	100.00%
Munich American Reassurance Company, Atlanta, Georgia	100.00%
Munich Holdings of Australasia Pty. Ltd., Sydney	100.00%
Munich Reinsurance Company of Australasia Ltd, Sydney	100.00%
Munich Reinsurance Company Life Reinsurance Eastern Europe/Central Asia, Moscow	100.00%
Munich Reinsurance Company of Africa Ltd, Johannesburg	100.00%
Munich Mauritius Reinsurance Co. Ltd., Port Louis	100.00%
Munich Reinsurance Company of Canada, Toronto	100.00%
New Reinsurance Company, Geneva	100.00%
Temple Insurance Company, Toronto	100.00%
Reinsurance, associates	
Prévoyance Ré, S.A., Paris	34.00%
Primary insurance, consolidated subsidiaries	
ERGO Versicherungsgruppe AG, Düsseldorf	94.69%
Victoria General Insurance Company S. A., Athens	94.69%
Victoria Krankenversicherung Aktiengesellschaft, Düsseldorf*)	94.69%
Victoria Lebensversicherung Aktiengesellschaft, Düsseldorf*)	94.69%
Victoria Life Insurance Company S. A., Thessaloniki	94.69%
Victoria Pensionskasse AG, Düsseldorf*)	94.69%
Victoria Versicherung Aktiengesellschaft, Düsseldorf*)	94.69%
Victoria-Seguros de Vida, S. A., Lisbon	94.69%
Victoria-Seguros S. A., Lisbon	94.69%
VICTORIA-VOLKSBANKEN Poistovna, a.s., Bratislava	64.89%
VICTORIA-VOLKSBANKEN pojistovna, a.s., Prague	64.79%
VICTORIA-VOLKSBANKEN Versicherungsaktiengesellschaft, Vienna	70.66%
Vorsorge Lebensversicherung Aktiengesellschaft, Düsseldorf	94.69%
Vorsorge Luxemburg Lebensversicherung S. A., Munsbach	94.69%
Hamburg-Mannheimer N.V./S. A., Brussels	94.69%
Hamburg-Mannheimer Pensionskasse AG, Hamburg	94.69%
Hamburg-Mannheimer Rechtsschutzversicherungs-Aktiengesellschaft, Hamburg*)	94.69%
Hamburg-Mannheimer Sachversicherungs-Aktiengesellschaft, Hamburg*)	94.69%
Hamburg-Mannheimer Versicherungs-Aktiengesellschaft, Hamburg*)	94.69%
DKV BELGIUM S. A., Brussels	94.69%
DKV Deutsche Krankenversicherung Aktiengesellschaft, Cologne*)	94.69%
DKV Luxembourg S. A., Luxembourg	71.01%
DKV Seguros y Reaseguros, Sociedad Anónima Española, Saragossa	94.69%
Unión Médica la Fuencisla, S. A., Compañía de Seguros, Saragossa	94.69%
D.A.S. Deutscher Automobil Schutz Allgemeine Rechtsschutz-Versicherungs-Aktiengesellschaft, Munich*)	94.69%
D.A.S. Deutscher Automobil Schutz Versicherungs-Aktiengesellschaft, Munich*)	94.69%
D.A.S. Nederlandse Rechtsbijstand Verzekeringmaatschappij N.V., Amsterdam	48.29%
D.A.S. Österreichische Allgemeine Rechtsschutz-Versicherungs-Aktiengesellschaft, Vienna	94.67%
D.A.S. Société anonyme belge d'assurances de Protection Juridique, Brussels	94.67%
DAS Legal Expenses Insurance Company Limited, Bristol	94.69%
KarstadtQuelle Krankenversicherung AG, Fürth	52.08%
KarstadtQuelle Lebensversicherung AG, Fürth	52.08%
KarstadtQuelle Versicherung AG, Fürth	52.08%
Neckermann Lebensversicherung AG, Fürth	39.06%
ERGO Assicurazioni S. p. A., Milan	94.69%
ERGO Generales Seguros y Reaseguros, S. A., Madrid	94.69%
ERGO International Aktiengesellschaft, Düsseldorf	94.69%
ERGO Italia S. p. A., Milan	94.69%
ERGO Kindlustuse AS, Tallinn	94.68%
ERGO Latvija Versicherung AG (ERGO Latvija Apdrošināšanas Akciju Sabiedrība), Riga	93.38%
ERGO Lietuva draudimo UADB, Vilnius	94.69%
ERGO Previdenza S. p. A., Milan	66.62%
ERGO Vida Seguros y Reaseguros, Sociedad Anónima, Saragossa	94.69%
ERGO Isviçre Hayat Sigorta A. S., Istanbul	71.01%

Part D: Description of the Issuer

	% share of capital
ERGO Isviçre Sigorta A. S., Istanbul	71.01%
Sopockie Towarzystwo Ubezpieczen na Zycie Ergo Hestia Spolka Akcyjna, Sopot	94.69%
Sopockie Towarzystwo Ubezpieczeniowe Ergo Hestia Spolka Akcyjna, Sopot	94.69%
EUROPÄISCHE Reiseversicherung Aktiengesellschaft, Munich	100.00%
Europaeiske Rejseforsikring A/S, Copenhagen	100.00%
Europeiska Försäkringsaktiebolaget, Stockholm	100.00%
Compagnie Européene d'Assurance, Neuilly sur Seine	100.00%
Mercur Assistance Aktiengesellschaft Holding, Munich	100.00%
American Alternative Insurance Corporation, Wilmington, Delaware	100.00%
The Princeton Excess and Surplus Lines Insurance Company, Wilmington, Delaware	100.00%
Primary insurance, associates	
Bloemers Holding B. V., Rotterdam	22.73%
D.A.S. Difesa Automobilistica Sinistri, S. p. A. di Assicurazione, Verona	47.34%
Global Aerospace Underwriting Managers Ltd., London	24.90%
Middlesea Insurance p. l. c, Floriana	19.90%
PICC Health Insurance Company Limited, Beijing	17.99%
Saudi National Insurance Company E.C., Manama	22.50%
Storebrand Helseforsikring AS, Oslo	47.34%
UNION VERSICHERUNGS-AKTIENGESELLSCHAFT, Vienna	42.61%
VEREINSBANK VICTORIA Bauspar Aktiengesellschaft, Munich	28.41%
VICTORIA-VOLKSBANKEN Pensionskassen Aktiengesellschaft, Vienna	39.27%
Financial services and asset management, consolidated subsidiaries	
MEAG Hong Kong Limited, Hong Kong	100.00%
MEAG MUNICH ERGO AssetManagement GmbH, Munich	97.87%
MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH, Munich*)	97.87%
MEAG New York Corporation, Wilmington, Delaware	100.00%
Other participating interests in insurance companies	
Admiral Group plc, Cardiff	14.35%
Credit Guarantee Insurance Corporation, Johannesburg	7.10%
Helvetia Holding, St. Gallen	8.16%
Jordan Insurance Co. p. l. c., Amman	10.00%
Mecklenburgische Lebensversicherungs-AG, Hanover*)	12.50%
Nürnberger Beteiligungs AG, Nuremberg	19.84%
Other shareholdings in quoted companies	
BHS tabletop AG, Selb	28.91%
Forst Ebnath AG, Ebnath	96.73%
MEDICLIN Aktiengesellschaft, Frankfurt am Main	26.92%
Österreichische Volksbanken-AG, Vienna	9.47%

GENERAL MEETING, SUPERVISORY BOARD, MANAGING BOARD AND RELATED PARTY TRANSACTIONS

General Meeting

The annual ordinary general meeting of shareholders of the Issuer takes place at least once a year and passes resolutions with respect to the allocation and distribution of profits and the discharge of responsibilities of the Managing Board and the Supervisory Board. The general meeting, which takes place according to the German Stock Corporation Act within the first eight months after the end of the financial year, is called by the Managing Board. The Managing Board intends to issue the invitation for the ordinary annual general meeting within the first four months of every financial year. In recent years the annual general meeting took place in April or May of each year. To attend and vote, shareholders must be registered in the share register of the Issuer and give advance notice of their intention to attend and vote. At the general meeting each share has one vote.

Supervisory Board

The Supervisory Board (Aufsichtsrat) of the Issuer consists of 20 members. As of the date of this Prospectus the Supervisory Board consisted of the following members:

Name	Position within the Supervisory Board	Principal Outside Activity
Dr. Hans-Jürgen Schinzler	Chairman	Former Chairman of the Board of Management of the Issuer
Herbert Bach	Deputy Chairman	Employee of the Munich Re Group
Hans-Georg Appel	Member	Employee of the Munich Re Group
Holger Emmert	Member	Employee of the Munich Re Group
Ulrich Hartmann	Member	Chairman of the Supervisory Board of E.ON AG
Dr. rer. nat. Rainer Janßen	Member	Employee of the Munich Re Group
Prof. Dr. rer. nat. Henning Kagermann	Member	Co-Chairman of the Executive Board and Chief Executive Officer of SAP AG
Prof. Dr. rer. nat. Drs. h. c. mult. Hubert Markl	Member	Former President of the Max Planck Society; Emeritus Professor of Biology
Wolfgang Mayrhofer	Member	Chairman of the Board of Management of Deutsche Lufthansa AG
Kerstin Michl	Member	Employee of the Munich Re Group
Prof. Karel Van Miert	Member	Professor at the University of Nyenrode
Ingrid Müller	Member	Employee of the Munich Re Group
Prof.Dr. jur. Dr.-Ing. E. h. Heinrich v. Pierer	Member	Former Chairman of the Supervisory Board of Siemens AG
Dr. e. h. Dipl.-Ing. Bernd Pischetsrieder	Member	Former Chairman of the Board of Management of Volkswagen AG
Dr. rer. nat. Jürgen Schimetschek	Member	Employee of the Munich Re Group
Dr. jur. Dr. h. c. Albrecht Schmidt	Member	Former Chairman of the Supervisory Board of Bayerische Hypo- und Vereinsbank AG
Dr. phil. Ron Sommer	Member	Former Chairman of the Board of Management of Deutsche Telekom AG
Wolfgang Stögbauer	Member	Employee of the Munich Re Group
Josef Süßl	Member	Employee of the Munich Re Group
Judy Vö	Member	Employee of the Munich Re Group

The business address of the members of the Issuer's Supervisory Board is the same as its business address Königinstrasse 107, D-80802 Munich, Germany, care of Dr. Hans-Jürgen Schinzler.

Managing Board

The Managing Board (Vorstand) of the Issuer consists of eight members. As of the date of this Prospectus the Managing Board consisted of the following members:

Name	Position within the Managing Board	Responsibilities
Dr. jur. Nikolaus von Bomhard	Chairman	Chairman of the Board of Management; Chairman of the Group Committee; Group Investments; Group Development; Press; Internal Auditing; Executive Offices; Group Top Executives
Dr. rer. pol. Ludger Arnoldussen	Member	Germany, Asia Pacific and Africa; General Services
Dr. rer. pol. Thomas Blunck	Member	Special and Financial Risks; Organisational Design and Development; Information Technology
Georg Daschner	Member	Europe and Latin America; Corporate Communications
Dr. rer. nat. Torsten Jeworrek	Member	Chairman of the Reinsurance Committee; Corporate Underwriting/Global Clients; Reinsurance Investments; Accounting, Controlling and Central Reserving for Reinsurance
John Phelan	Member	North America
Dr. jur. Jörg Schneider	Member	Group Accounting; Group Controlling; Corporate Finance, M&A; Integrated Risk Management; Legal Affairs, Supervision, Compliance; Taxes; Investor and Rating Agency Relations

Part D: Description of the Issuer

Dr. oec. publ. Wolfgang Strassl	Member	Life; Health Care; Human Resources; Board member in charge of industrial relations, within the meaning of Section 33 of the German Co-Determination Act
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The business address of the members of the Issuer's Managing Board is the same as its business address, Königinstrasse 107, D-80802 Munich, Germany.

Related Party Transactions

Some of the board members hold, or in the last year have held, positions of significant responsibility with other entities. The Munich Re Group has relationships with almost all of these entities in the ordinary course of its business whereby it buys and sells a wide variety of products and services on arm's length terms.

Pursuant to the by-laws and specific resolutions of the Managing and the Supervisory Board, the members of these bodies are obliged to give notice of any potential conflicts of interest. As of the date of this Prospectus, no such notification has been received.

As at 31 March 2007 the members of the Issuer's Managing and the Supervisory Board have not received any cash advances or loans.

MATERIAL CONTRACTS

Based on the underwriting policy, the reinsurance agreements of the Munich Re Group include in most of the cases a clause that grants both parties to the agreement a right of extraordinary cancellation in the event that "the other party merges with another company or its ownership or control undergoes a material change". Such or similar clauses are typical to the industry.

Further, if another company acquires control of the Issuer or the group of shareholders changes significantly due to a merger or comparable transaction or intended business combination, all participants in the long-term incentive plans of the Munich Re Group may exercise their share appreciation rights within 60 days after such change of control becomes effective, even if the prerequisites for exercising the rights are not yet met at that juncture.

Apart from the above, there are no material contracts that are not entered into in the ordinary course of business of the Munich Re Group, which could result in any member of the Munich Re Group being under an obligation or entitlement that is material to the ability of the Issuer to meet its obligations under the Bonds.

LEGAL AND ARBITRATION PROCEEDINGS

Within the scope of their regular business operations i.e., in their capacity as insurers and asset managers, employers, investors and taxpayers the companies of the Munich Re Group are involved as claimants or defendants in a number of court, administrative, arbitration and regulatory proceedings, in Germany and other countries, including the United States. It is impossible to determine or predict the outcome of cases pending or threatened. The following outlines the most important ongoing cases only. In the last two business years there have been no legal or arbitration proceedings that have had a material adverse effect on the financial situation or the profitability of the Munich Re Group.

World Trade Center

On 7 November 2001, an action for declaratory judgment (Silverstein Properties Inc. vs. Swiss Re International Business Insurance Company Ltd.) was brought against several insurance companies before the U.S. District Court for the Southern District of New York. One of the defendants was Great Lakes Reinsurance (UK) PLC (*GLUK*) as one of the participating insurers in the Silverstein policy. In the suit, various insurers called, *inter alia*, for a summary judgment of the legal issue as to whether, in view of the insurance conditions in various insurance policies, the terrorist attack of 11 September 2001 on the World Trade Center qualified as one or two loss events. In the case of *GLUK* and two other insurers the District Court decided in favour of the insurers. Based on the event definition in the *WilProp* policy, the District Court considered the attack on the World Trade Centre to be adjudged one event in the legal sense. This decision was contested by the Silverstein parties. However, the U.S. Court of Appeals for the Second Circuit confirmed the decision of the District Court in October 2006 and dismissed the appeal. Silverstein has filed motions for rehearing in the Court of Appeals for the Second Circuit.

In a separate action, *GLUK* and a series of Lloyd's insurers filed a lawsuit on 3 December 2002 against various U.S. airlines (including American Airlines and United Airlines), security companies (e.g. Burns International Security and Pinkerton) as well as the Massachusetts Port Authority and the City of Portland, Maine. The statement of claim for an as yet unspecified amount involves recourse actions by the insurers

based on subrogated rights. The defendants are charged with not having taken sufficient precautions to prevent a terrorist attack.

A series of insurers (including Munich Re America Corporation's primary insurance subsidiary, American Alternative Insurance Corporation, and GLUK) also filed a lawsuit on 10 September 2003 against the terrorist organization Al Qaeda and a number of states that have been named by the U.S. government as having been co-responsible in supporting terrorism in connection with the attacks on 11 September 2001. The damages of USD 300 billion cited in the press mainly relate to recourse by the insurers based on subrogated rights of persons having sustained property losses or bodily injury and includes possible payments for pain and suffering as well as punitive damages. Essentially, this recourse action is customary business practice. Insurers and reinsurers regularly review, as part of their normal business operations, whether indemnity paid to policyholders can be recovered by way of recourse action against third parties.

Armenian Genocide Class Action

In 2004, a class action complaint was filed in California against various companies of the Munich Re Group by five plaintiffs alleging to be descendants from policyholders killed during the Armenian genocide in Turkey (between 1915 and 1923). Allegedly, the benefits from their life insurance with a Munich Re Group company was never paid. After plaintiffs have dropped requests for punitive damages in 2006, they now request payment of benefits from the life insurances, plus interest. The Issuer believes that the outcome of the litigation will not have a noticeable financial impact on the Munich Re Group.

Proceedings with regard to PSAs, Spitzer investigation, loss mitigation insurance products

In early 2004, the NY Attorney General (NY AG, at that time Eliot Spitzer) started an inquiry into various practices of insurance brokers and insurance companies relating to compensation or commission, specifically placement services agreements between brokers and insurers. PSAs are agreements between brokers and (re)insurers providing for compensation for the broker on the basis of total premium, profitability or similar criteria. In the course of that inquiry, the NY AG allegedly uncovered evidence of wrongful business practices such as bid-rigging.

Thereafter, in October 2004, the NY AG filed a civil lawsuit against Marsh & McLennan Companies, Inc. and Marsh Inc. for alleged fraud and anti-competitive practices in the insurance industry. That lawsuit was settled in 2005. However, Munich Re America Corporation, including its division Munich-American RiskPartners, was referenced in the NY AG's complaint and received subpoenas with respect to the NY AG's investigation. Other subpoenas from other state Attorneys General and from state insurance departments have been received. The proceedings are continuing.

The U.S. Securities and Exchange Commission (SEC), the NY AG, the Department of Justice (U.S. Attorney's Office for the Southern District of NY) and the States of Georgia and Delaware have also made inquiries with respect to "certain loss mitigation insurance products" to various insurers and reinsures, including the Issuer, as well as Munich Re America Corporation and its subsidiaries (*Munich Re America*). The Munich Re Group is responding to all requests for information and will continue to cooperate fully with all authorities.

The NY AG and other state Attorneys General have initiated settlement discussions on the PSA and loss mitigation insurance products issue with Munich Re America which are continuing. Should no agreement on a settlement be reached, Munich Re America or other companies of the Munich Re Group are likely to be sued before court and will defend themselves.

While not a defendant in the action brought by the NY AG against Marsh, Munich Re America was named a defendant in several class actions by commercial policyholders in Federal Court. These several class actions have been consolidated by the court for procedural issues. Since 2004, numerous U.S. insurance companies, brokers, and parent companies, including companies of the Munich Re Group and the Issuer itself, have also been served in these class actions by various clients of insurance companies in connection with PSAs, alleged bid-rigging and other issues based primarily on the Spitzer investigation (e.g., violations of antitrust laws, breach of fiduciary duties). On 5 April 2007, the judge dismissed the federal claims (alleged violations of federal antitrust law and Racketeer Influenced and Corrupt Organizations — RICO — claims). Plaintiffs were given one final opportunity to amend their claims or revise their particularised statements. Defendants motion to stay discovery has been granted until plaintiffs have filed an amended complaint and motions to dismiss such pleadings are resolved.

Action by USF&G against Munich Reinsurance America, Inc.

On 13 November 2002, the primary insurer USF&G brought an action before a Californian court against Munich Reinsurance America, Inc. for payment of approximately USD 200 million. The claim is based on asbestos-related coverage provided by USF&G to a large supplier and installer of John Manville asbestos

materials. USF&G settled the underlying coverage suit by way of a compromise with an overall volume of USD 975 million. The action against Munich Reinsurance America, Inc. was dismissed on the grounds that it did not fall within the local jurisdiction of the court, whereupon Munich Reinsurance America, Inc. itself filed a claim on this issue against USF&G in New York on 16 December 2002.

The Issuer is of the opinion that, for various reasons, correct allocation of the compromise settlement results in a significantly smaller coverage obligation for Munich Reinsurance America, Inc. This legal dispute is still at a very early stage. Key motions have been filed by both parties. These are scheduled to be heard by the court very soon and a ruling is expected by mid to late June 2007. If successful, Munich Reinsurance America, Inc.'s coverage obligation will be greatly reduced. However, it is likely that appeals will follow the ruling and delay the outcome. If the court denies the motions the case will proceed to trial currently scheduled for late fall of 2007. With pre-judgement interest the current claim against Munich Reinsurance America, Inc. has increased to approximately USD 285 million.

Anti-trust proceedings against industrial lines insurers

On 21 July 2003, the German Federal Cartel Office (Bundeskartellamt) sent formal accusation letters to seven leading industrial lines insurers, including VICTORIA Versicherung AG (*VICTORIA*), suspected of collusion in restraint of competition in certain classes of industrial lines business. On 29 March 2005, the German Federal Cartel Office issued an administrative order imposing a fine of EUR 3.4 million on VICTORIA. VICTORIA has appealed against the order. The competent court has not decided on the appeal yet. If the court does not decide in favour of VICTORIA, damages by private parties could be asserted in addition.

TREND INFORMATION AND SIGNIFICANT CHANGES IN THE ISSUER'S FINANCIAL OR TRADING POSITION

Since 31 March 2007, the last day of the financial period in respect of which the most recent consolidated interim financial statements of the Issuer have been prepared, save as disclosed in this Prospectus, there has been no significant change in the financial or trading position nor any material adverse change in the financial position or prospects of the Issuer or the Issuer and its subsidiaries taken as a whole.

RECENT DEVELOPMENTS AND OUTLOOK

Since 31 March 2007 there have been no material developments in the business of the Munich Re Group.

The Issuer expects the consolidated gross premium written of the Munich Re Group for the business year 2007 slightly to decrease. For the financial year 2007 the issuer is proceeding on the assumption that the Munich Re Group's consolidated premium income will be between EUR 36.5 billion and EUR 37.5 billion. Further, it expects — assuming that the general economic conditions remain positive — that the Munich Re Group will achieve a return on investment of about 5.0 per cent. relating to averaged market values.

Due to the strong Euro the premium income of the Munich Re Group from its reinsurance business is expected to decrease compared to the previous year. As a result of the cost burden from the storm Kyrill in January 2007, which clearly exceeded the Issuer's expectations for the first quarter, the Issuer now reckons with a burden of 7 per cent. from natural catastrophes for 2007. In its primary insurance business, gross premiums written are expected — all in all — to increase moderately.

To underline the commitment to a disciplined and profit-focused corporate policy and the confidence in its own shares, the Issuer has resolved to buy-back own shares with a volume of up to EUR 2 billion until the annual general meeting on 17 April 2008 and to cancel them after acquisition. In addition, the Issuer intends to buy-back own shares for at least another EUR 3 billion before the annual general meeting in 2011. By increasing profits and optimising its financing structure, the Issuer aims to boost its earnings per share on a normalised basis by an average of 10 per cent. annually between 2007 and 2010. Besides the share buy-back programme, the Issuer also plans a yearly dividend payout of at least EUR 1 billion for the financial years 2007 to 2009. Taking the share buy-back programme and the dividends together, the Issuer thus proposes to return capital of at least EUR 8 billion to the shareholders in the abovementioned period, subject to all necessary authorisations being granted and to the economic situation of the Issuer allowing doing so.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Consolidated balance sheet data

	3 months ended 31 March (unaudited) (EUR million)		Year ended 31 December (audited) (EUR million)	
	2007	2006	2006	2005*
Assets				
A. Intangible assets	4,279	4,262	4,311	4,300
B. Investments				
I. Land and buildings, including buildings on third-party land	4,086	5,626	4,720	5,798
II. Investments in affiliated companies and associates	1,295	1,299	1,303	1,312
III. Loans	30,778	26,020	29,528	24,795
IV. Other securities	126,399	126,076	124,510	126,776
V. Deposits retained on assumed reinsurance	10,809	13,145	11,931	14,581
VI. Other investments	3,980	3,075	3,060	2,479
C. Investments for the benefit of life insurance policyholders who bear the investment risk	1,927	1,554	1,820	1,430
D. Ceded share of technical provisions	5,972	7,146	6,593	7,980
E. Receivables	9,461	8,404	8,825	9,648
F. Cash at bank, cheques and cash in hand	2,155	2,165	2,172	2,337
G. Deferred acquisition costs	8,356	8,329	8,190	8,124
H. Deferred tax assets	5,602	5,895	5,370	5,213
I. Other assets	3,324	3,618	3,541	3,964
Total assets	218,423	216,614	215,874	218,737
Equity and Liabilities				
A. Equity	26,462	25,059	26,429	24,397
B. Subordinated liabilities	3,417	3,402	3,419	3,408
C. Gross technical provisions	159,295	159,093	158,441	160,512
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	2,045	1,700	1,930	1,516
E. Other accrued liabilities	5,037	5,094	4,865	4,926
F. Liabilities	13,893	14,742	12,634	16,777
G. Deferred tax liabilities	8,274	7,524	8,156	7,201
Total equity and liabilities	218,423	216,614	215,874	218,737

* Adjusted owing to first-time application of IAS 19 (rev. 2004).

Consolidated income statement data

	3 months ended		Year ended 31 December	
	31 March (unaudited) (EUR million)		(audited) (EUR million)	
	2007	2006	2006	2005*
Gross premiums written	10,020	10,036	37,436	38,199
1. Earned premiums	8,794	8,878	35,714	36,210
2. Investment result	3,161	2,129	8,876	10,818
3. Other income	412	431	1,784	1,465
Total income (1-3)	12,367	11,438	46,374	48,493
4. Expenses for claims and benefits	8,413	7,401	29,667	33,352
5. Operating expenses	2,117	2,093	8,834	9,165
6. Other expenses	516	473	2,375	1,826
Total expenses (4-6)	11,046	9,967	40,876	44,343
7. Result before impairment losses of goodwill	1,321	1,471	5,498	4,150
8. Impairment losses of goodwill	—	—	4	7
9. Operating result	1,321	1,471	5,494	4,143
10. Finance costs	70	86	310	378
11. Taxes on income	269	406	1,648	1,014
12. Consolidated result	982	979	3,536	2,751
Thereof:				
Attributable to Munich Re equity holders	965	959	3,440	2,679
Attributable to minority interests	17	20	96	72
Earnings per share	4.35	4.20	15.12	11.74

* Adjusted owing to first-time application of IAS 19 (rev. 2004).

Consolidated cash flow data

	3 months ended		Year ended 31 December	
	31 March (unaudited) (EUR million)		(audited) (EUR million)	
	2007	2006	2006	2005*
I. Cash flows from operating activities	3,577	2,055	6,886	6,119
II. Cash flows from investing activities	(2,857)	(1,998)	(4,496)	(2,928)
III. Cash flows from financing activities	(731)	(224)	(2,496)	(2,901)
Cash flows for the financial year (I + II + III)	(11)	(167)	(106)	290
Effect of exchange rate changes on cash	(6)	(5)	(59)	20
Cash at the beginning of the financial year	2,172	2,337	2,337	2,027
Cash at the end of the financial year	2,155	2,165	2,172	2,337

* Adjusted owing to first-time application of IAS 19 (rev. 2004).

Group Statement of Changes in Equity

	Equity attributable to Munich Re equity holders							Minority interests	Total equity	
	Capital reserve	Retained earnings			Other reserves					Consolidated result
	Issued capital	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges	Minority interests				
All figures in EUR million										
Status at 31.12.2005	588	7,978	(201)	6,128	(34)	6	2,679	453	24,397	
Allocation to retained earnings	—	2,679	—	—	—	—	(2,679)	—	—	
Total recognised income and expenses	—	29	—	(120)	(151)	(3)	959	(48)	666	
Dividend	—	—	—	—	—	—	—	(4)	(4)	
Adjustments pursuant to IAS 8	—	—	—	—	—	—	—	—	—	
Share buy-backs	—	—	—	—	—	—	—	—	—	
31.3.2006	588	10,686	(201)	6,008	(185)	3	959	401	25,059	
Status at 31.12.2006	588	9,876	(460)	6,317	(629)	14	3,440	483	26,429	
Allocation to retained earnings	—	3,440	—	—	—	—	(3,440)	—	—	
Total recognised income and expenses	—	13	—	(164)	(43)	(1)	965	7	777	
Dividend	—	—	—	—	—	—	—	(4)	(4)	
Adjustment pursuant to IAS 8	—	—	—	—	—	—	—	—	—	
Share buy-backs	—	—	-740	—	—	—	—	—	(740)	
Status at 31.3.2007	588	13,329	-1,200	6,153	-672	13	965	486	26,462	

Part E: Taxation

The information provided below does not purport to be a complete summary of tax law and practice currently applicable in any of the jurisdictions mentioned and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. Prospective investors should consult with their own professional advisers as to the tax consequences of the purchase, ownership and disposition of the Bonds, including the effect of any state or local taxes under the tax laws of Germany, Luxembourg, and the country which they are residents of.

The information contained within the following sections is limited to withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Bonds (except for the tax section relating to Germany which describes other taxes as well, which, however, do not purport to set out a complete analysis of all German tax considerations relating to the Bonds). Prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds. The respective tax sections are based on the laws of Germany and Luxembourg currently in force and as applied on the date of this Prospectus, which may be subject to change, possibly with retroactive or retrospective effect. The comments in the tax sections below relate only to the position of persons who are beneficial owners of the Bonds. The following tax sections are a general guideline and should be relied upon with appropriate caution. Bondholders who are in any doubt as to their tax position should consult their professional advisers. Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Bonds even if such payments may be made without any withholding or deduction for or on account of taxation under the laws of Germany and Luxembourg. Individual Bondholders being resident in an EU Member State, in certain non-EU-countries or certain dependent or associated territories of certain EU Member States, who receive interest payments under the Bonds may be subject to the regulations of the EU Savings Directive (as implemented in the respective EU Member State) or certain reciprocal agreements as set out below in this Part E under “EU Savings Directive”.

LUXEMBOURG

Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of Bonds can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law subject however to:

- (i) the application of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive (see paragraph “EU Savings Directive” below, which may be applicable in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the abovementioned directive).
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the European Union Savings Directive). This law should apply to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Responsibility for the withholding of tax in application of the abovementioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

FEDERAL REPUBLIC OF GERMANY

1. TAX RESIDENTS

Interest Payments

Income derived from the Bonds by a Bondholder resident in Germany (a person whose residence, habitual abode, statutory seat, or place of effective management is located in Germany) is subject to German personal or corporate income tax. On the basis of the assessed personal or corporate income tax, solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. is levied. In addition, if Bonds are held as assets of a German commercial business, any interest is subject to trade tax.

Only if the Bonds are held in a custodial account which the German resident Bondholder maintains with a German branch of a German or non-German credit institution or financial services institution (*German Disbursing Agent, inländische Zahlstelle*), a 30 per cent. withholding tax on interest payments (*Zinsabschlag*), plus 5.5 per cent. solidarity surcharge on such tax, will be levied, resulting in a total withholding tax charge of 31.65 per cent. of the gross interest payment. In case of a sale of the Bonds, withholding tax may also be imposed on the part of the consideration that relates to accrued interest not yet paid out (*Accrued Interest*). Withholding tax and the solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German tax resident Bondholder. To the extent that prepayments exceed the actual tax liability the Bondholder will be entitled to a refund. The tax credit or the tax refund must be claimed in an assessment to tax.

An exemption from withholding tax can — subject to certain limitations — apply if the Bondholder is an individual who has filed a withholding exemption certificate (*Freistellungsauftrag*). Further, no withholding obligation exists if the Bondholder meets the requirements and submits a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the local tax office to the German Disbursing Agent.

Sale or Redemption of Bonds

The Bonds may qualify as a financial innovation (*Finanzinnovation*) within the meaning of section 20 para. 2 sentence 1 no. 4 of the German Income Tax Act (*Einkommensteuergesetz*) — which includes, among other things, floating rate notes

If the Bonds qualify as financial innovations and if the Bonds are held in a custodial account maintained with a German Disbursing Agent, withholding tax at a rate of 30 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon) will be withheld from the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Bonds if the Bonds have been kept in a custodial account with such German Disbursing Agent since the time of issuance or acquisition, respectively. If the Bonds have been transferred into the custodial account of the German Disbursing Agent only after such point in time, withholding tax at the aforementioned rate will be levied on a lump-sum basis on 30 per cent. of the proceeds from the disposition, assignment or redemption of the Bonds. In computing the tax to be withheld the German Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the Bondholder to the German Disbursing Agent during the same calendar year. Withholding tax and the solidarity surcharge thereon are credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German tax resident Bondholder. To the extent that prepayments exceed the actual tax liability, the Bondholder will be entitled to a refund. The tax credit or refund must be claimed in an assessment to tax. The abovementioned withholding exemptions may apply from case to case (e.g. withholding exemption certificate, certificate of non-assessment).

If the Bonds are held by corporation resident in Germany, gains from the sale, assignment or redemption of the Bonds are subject to corporation tax and solidarity surcharge thereon. Furthermore in this case the gains are subject to trade tax. If the Bonds are held by an individual that carries on a trade in Germany the respective gains will be subject to income tax and trade tax. Similar rules will apply if a partnership carrying on a trade in Germany holds the Bonds through a German permanent establishment.

For individual Bondholders resident in Germany and holding the Bonds as a private asset (*Privatvermögen*) the following rules apply:

If the Bonds do not qualify as a financial innovation gains (other than Accrued Interest and certain other amounts) from the sale, assignment or redemption of Bonds are only taxable if the Bonds are held for not more than one year (private capital gains). If the aggregate amount of such private capital gains of the respective individual Bondholder for the calendar year is less than EUR 512, such capital gains are not subject to income tax. If this amount is exceeded, the complete gains are taxable. Capital losses are not deductible if the Bonds are held for more than one year. If the Bonds are sold within one year following its acquisition, capital losses are ring-fenced and are only deductible against particular private capital gains.

If the bonds qualify as financial innovation gains from the sale, assignment or redemption of Bonds are considered as interest and are subject to personal income tax as well as solidarity surcharge at a rate of 5.5 per cent. thereon. In the absence of a predetermined yield to maturity (*Emissionsrendite*) of the Bonds attributable to the period over which the Bondholder has held such Bond, the taxable gain from the sale,

assignment or redemption of Bonds would be calculated as the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Bond (*Marktrendite*).

2. NON-RESIDENT BONDHOLDERS

Interest paid to a Bondholder and capital gains realized by a Bondholder not being resident in Germany (*Non-resident Bondholder*) will generally not be taxable in Germany and no tax will be withheld (even if the Bonds are kept with a German Disbursing Agent, provided sufficient evidence is provided to the German Disbursing Agent as to the non-resident status of the recipient of interest payments). Non-resident Bondholders are subject to German tax if (i) the Bonds are held as business asset (*Betriebsvermögen*) of a German permanent establishment or by a permanent representative of the non-resident Bondholder, if (ii) the interest income of such Bonds does otherwise constitute German source income as defined in the German Income Tax Act or if (iii) the non-resident Bondholder does not comply with the procedural rules to prove his status as a non-tax resident person. In the cases (i) and (ii), the Non-resident Bondholders will be subject to a tax regime similar to that described above under “Taxation in the Federal Republic of Germany — Tax Residents”; in the case (iii), the Non-resident Bondholders may suffer German withholding tax.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to any Bond will arise under the laws of Germany if, in the case of inheritance tax, neither the decedent nor the beneficiary or, in the case of gift tax, neither the donor nor the donee is a resident of Germany and such Bond is not attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany. Double taxation treaties may provide for exceptions to the domestic inheritance and gift tax rules.

Other taxes

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Bonds. Currently, net assets tax is not levied in Germany.

2008 Tax Reform

On 25 May 2007, the German Federal Parliament (*Deutscher Bundestag*) has approved a draft 2008 tax reform pursuant to which a new German withholding tax system will be introduced as from 1 January 2009. Such new German withholding tax system provides that, in principle, income and capital gains from the sale of financial instruments are subject to a general withholding tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and – if applicable – church tax). For individual Bondholders holding the Bonds as private assets (*Privatvermögen*), costs and expenses economically related to the Bonds shall no longer be tax deductible. Gains from the sale, assignment or redemption of the Bonds, realised after 31 December 2008, shall be taxable irrespective of whether or not the Bonds qualify as financial innovation.

The 2008 tax reform comes into effect only if the German Federal Council (*Deutscher Bundesrat*) also approves the new law.

EU Savings Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a directive regarding the taxation of savings income (the *EU Savings Tax Directive*). The EU Savings Tax Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the Law of 21 June 2005. Under the EU Savings Tax Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income, within the meaning of the EU Savings Tax Directive, paid by a paying agent within the meaning of the EU Savings Tax Directive, to an individual resident or certain types of entities called “residual entities”, within the meaning of the EU Savings Tax Directive established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Tax Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of the withholding will be of 15 per cent. from 1 July 2005 to 30 June 2008, 20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. as from 1 July 2011. The transitional period is to terminate at the end of first full fiscal year following agreement

by certain non-EU countries to the exchange of information relating to such payments. See “European Union Directive on the Taxation of Savings Income in the Form of Interest Payments (Council Directive 2003/48/EC).”

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino), have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or a residual entity established in a Member State. In addition, Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or a residual entity established in one of those territories.

Part F: Subscription and Sale

Pursuant to a subscription agreement dated 11 June 2007 (the **Subscription Agreement**) among the Issuer and Deutsche Bank AG, London Branch with its office at 1 Great Winchester Street, London EC2N 2DB, United Kingdom, J.P. Morgan Securities Ltd. with its office at 125 London Wall, London EC2Y 5AJ, United Kingdom, UBS Limited with its office at 1 Finsbury Avenue, London EC2M 2PP, United Kingdom, Citigroup Global Markets Limited, with its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, Goldman Sachs International with its office at Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom, and Merrill Lynch International with its office at Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, United Kingdom (the **Managers**), the Issuer has agreed to sell to the Managers, and the Managers have agreed, subject to certain customary closing conditions, to purchase the Bonds on 12 June 2007 at a price of 100 per cent. of their Principal Amount (equivalent to EUR 50,000 per Bond) (the **Issue Price**). The Issuer has furthermore agreed to reimburse the Managers for certain expenses incurred in connection with the issue of the Bonds. Net of commission and expenses the Issuer expects the gross proceeds from the Bonds to amount up to approximately EUR 1.49 billion.

The Bonds will be delivered against payment of the Issue Price on 12 June 2007, with admission to trading on the Regulated Market of the Luxembourg Stock Exchange also on such day or as soon thereafter as possible.

The Subscription Agreement provides that the Managers are entitled, under certain circumstances, to terminate the Subscription Agreement. In such event, no Bonds will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds.

United States of America

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Each Manager has represented that it has offered and sold the Bonds, and has agreed that it will offer and sell the Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Manager has agreed that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (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 Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Each Manager has represented that it has not entered and agreed that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Bonds, except with its affiliates or with the prior written consent of the Issuer.

Terms used in the foregoing paragraphs have the meanings given to them by Regulation S.

In addition, each Manager has represented and agreed that:

- (i) except to the extent permitted under U.S. Treas. Reg. §1 163-5(c)(2)(i)(D) (the “D Rules”), (a) it has not offered or sold and during the restricted period it will not offer or sell, Bonds to a person who is within the United States or its possessions or to a U.S. person, and (b) it has not delivered and will not deliver in definitive form within the United States or its possessions any Bonds sold during the restricted period;
- (ii) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bonds are aware that such Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by the D Rules:

Part F: Subscription and Sale

- (iii) if it is a U.S. person, if it is acquiring the Bonds for purposes of resale in connection with their original issue and if it retains Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
- (iv) with respect to each affiliate that acquires from it Bonds for the purpose of offering or selling such Bonds during the restricted period it either (a) repeats and confirms the representations and agreements contained in subparagraph (i), (ii) and (iii) on its behalf or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (i), (ii) and (iii).

Terms used in subparagraphs (i), (ii), (iii) and (iv) have the meaning given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

United Kingdom

Each of the Managers has represented and agreed that:

- (a) 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
- (b) 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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Manager has represented and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Bonds to the public in that Relevant Member State at any time:

- (a) to any legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR 43,000,000 and (iii) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to the Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

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 this Prospectus, together with the documents incorporated herein by reference, or any other offering material in relation to the Bonds.

Each Manager has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer or any Manager that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of this Prospectus, together with the documents incorporated therein by reference, or any other offering material, in any country or jurisdiction where action for that purpose is required.

Part G: General Information

1. Application has been made to the Luxembourg Stock Exchange to list the Bonds on the official list of the Luxembourg Stock Exchange and trade on the Regulated Market of the Luxembourg Stock Exchange.
2. The creation and issue of the Bonds has been authorised by resolution of the Managing Board (*Vorstand*) of the Issuer on 24 May 2007. A list of the persons authorised to act on behalf of, and to legally bind, the Issuer has been given to each of the Managers. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Bonds.
3. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code is 030498704, the ISIN is XS0304987042 and the German Securities Code (WKN) is A0N4EX.
4. The global bearer bonds representing the Bonds (other than the temporary global bonds) will bear a legend substantially to the following effect: “Any U.S. 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, as amended.” The sections referred to in such legend provide that a U.S. person who holds a bearer bond generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such bearer bond and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
5. Since 31 March 2007, the last day of the financial period in respect of which the most recent consolidated interim financial statements of the Issuer have been prepared, save as disclosed in this Prospectus, there has been no significant change in the financial or trading position nor any material adverse change in the financial position or prospects of the Issuer or the Issuer and its subsidiaries taken as a whole.
6. The consolidated financial statements of the Issuer have been audited for the years ended 31 December 2006 and 31 December 2005 by KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (KPMG), independent public accountants of the Issuer, and unqualified opinions have been reported thereon.
5. The Issuer discloses interim summary, unaudited consolidated financial statements on a quarterly basis.
6. The Bonds are expected to be rated a by A.M. Best, A+ by Fitch, A3 by Moody’s and A by Standard & Poor’s upon issuance.

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