



Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

a stock corporation under the laws of Germany

£ 450,000,000

6.625 per cent. 2012/2042 Subordinated Fixed to Floating Rate Bonds

Issue price: 99.797 per cent.

ISIN: XS0764278288

The 6.625 per cent. Subordinated Fixed to Floating Rate Bonds due 26 May 2042 (the **Bonds**) of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München (the **Issuer** or **Munich Re**, and together with its consolidated subsidiaries, the **Munich Re Group**) will bear interest from and including 29 March 2012 (the **Issue Date**) to, but excluding, 26 May 2042 (the **Final Maturity Date**). From and including the Issue Date to but excluding 26 May 2022 (the **First Call Date**), the Bonds will bear interest at a rate of 6.625 per cent. per annum payable annually in arrear on 26 May of each year commencing on 26 May 2013. Unless previously redeemed in accordance with § 5 of the Conditions of Issue, from and including the First Call Date the Bonds will bear interest, at a rate equal to LIBOR for three-months sterling deposits plus 3.950 per cent. per annum plus a step-up of 100 basis points, payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November of each year commencing 26 August 2022. 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 be governed by the laws of the Federal Republic of Germany (**Germany**).

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

This prospectus (the **Prospectus**) constitutes a prospectus for the purpose of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**) and has been approved on 22 March 2012 by the *Commission de Surveillance du Secteur Financier* (the **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*) (the **Prospectus Law**) which implements the Prospectus Directive into Luxembourg law. This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Application has been made to list the Bonds on the official list of the Luxembourg Stock Exchange and to admit the Bonds to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2004/39/EC on Markets in Financial Instruments. The Bonds will initially be represented by a temporary global Note without interest coupons which will be deposited with a common depository for Clearstream Banking, société anonyme and Euroclear Bank SA/NV (together, the **Clearing System**) on 29 March 2012 and which will be exchangeable for a permanent global Note without interest coupons not earlier than 40 days following 29 March 2012, on presentation of a certificate of non U.S. beneficial ownership. No definitive notes or interest coupons will be issued.

Joint Lead Managers and Joint Bookrunners

BofA Merrill Lynch

(Sole Structuring Advisor)

Barclays Capital

HSBC

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.

The CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7 (7) of the Prospectus Law.

No representation or warranty is made or implied by the Joint Lead Managers (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".

IN CONNECTION WITH THE ISSUE OF THE BONDS, MERRILL LYNCH INTERNATIONAL (THE STABILISING MANAGER) (OR PERSONS ACTING ON BEHALF OF THE 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 THE 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 STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) 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 and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, those to "Sterling", "£", "GBP" and "pounds" refer to the currency of the United Kingdom.

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PART A: SUMMARY OF CONDITIONS OF ISSUE, RISK FACTORS AND DESCRIPTION OF ISSUER

This summary must be read as an introduction to this Prospectus and 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. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State 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, including any information incorporated by reference. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.

1. SUMMARY OF THE CONDITIONS OF ISSUE

Issuer	Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München.
Aggregate Principal Amount	£ 450,000,000.
Managers	Barclays Bank PLC, HSBC Bank PLC and Merrill Lynch International.
Issue Price	99.797 per cent. of the Principal Amount (as defined below) of each Bond.
Issue Date	29 March 2012.
Denomination	The Bonds will be issued with a principal amount of £ 100,000 each (the Principal Amount).
Form of Bonds	The Bonds are in bearer form and will initially be represented by a temporary global bond without interest coupons which will 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	The Bonds constitute direct, unsecured and subordinated obligations of the Issuer which rank subordinated to all unsubordinated obligations and to all subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code (<i>Insolvenzordnung</i>) and at least <i>pari passu</i> amongst themselves and with all present unsecured obligations of the Issuer which rank subordinated to all unsubordinated obligations and to all subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code, 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 any proceeding 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 unsubordinated obligations and subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code so that in any such event payments in respect of the Bonds will not be made until all claims against the Issuer under obligations which rank senior to obligations of the Issuer under the Bonds in accordance with the Conditions of Issue or by operation of law have been satisfied in full.
Prohibition of Set-Off	No holder of the Bonds 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) 29 March 2012 to (but excluding) 26 May 2022, the Bonds will bear fixed interest at a rate of 6.625 per cent. per annum, payable annually in arrear on 26 May of each year (each a *Fixed Interest Payment Date*). Thereafter, the Bonds will bear interest at the rate of 3.950 per cent. per annum over the London Interbank offered rate for three-months deposits in Sterling (LIBOR) plus a step-up of 100 basis points, payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November of each year (each a *Floating Interest Payment Date*, and together with any Fixed Interest Payment Date, an *Interest Payment Date*), up to, but excluding, the Final Maturity Date (as defined below).

Optional Deferral of Interest Payments

Interest accrued 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 in whole or in part. 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 no Solvency Event (as defined below) has occurred or is continuing:

- (i) no dividend, other distribution or payment (including payments for the purposes of a repurchase of own 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 within the last six (6) 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 purpose 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 was compulsory under the terms of those Parity Securities or Junior Securities) within the last six (6) months immediately preceding such Interest Payment Date (except such interest, other distribution or payment is made between Group Entities).

Where:

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

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).

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 held by Group Entities).

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

Mandatory Deferral of In-

If on any Interest Payment Date a Solvency Event has occurred or would occur due to the payment of the relevant Interest Amount (as defined herein), the pay-

Interest Payments

ment of such Interest Amount 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 only be obliged to defer the payment of the Solvency 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) prior to the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions, the Issuer or the Munich Re Group do not have appropriate funds to cover the minimum solvency margin required by the Competent Supervisory Authority or comparable margins and ratios or a comparable term in case of a change in the Applicable Supervisory Provisions or such funds would, as a result of any payments under the Bonds that would otherwise be due on such date become less than the required minimum solvency margin or comparable margin or ratio,
- (ii) upon the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions and provided that the then Applicable Supervisory Provisions require a deferral of payments under the Bonds for the following cases: the regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) of the Issuer or the Munich Re Group is not sufficient to comply with the relevant requirements under the Applicable Supervisory Provisions (howsoever described in the course of the implementation of the Solvency II Directive) or the relevant requirements would, as a result of any payments under the Bonds that would otherwise be due on such date, not be complied with, unless the following conditions are complied with (if such conditions will be required at the time under the Applicable Supervisory Provisions),
 - (a) the Competent Supervisory Authority has agreed to interest payments under the Bonds, these payments do not further weaken the solvency position of the Issuer and the minimum capital requirement (howsoever described in the course of the implementation of the Solvency II Directive) is complied with even after such payments, or
 - (b) the Competent Supervisory Authority has agreed to payments in relation to any redemption or repurchase of the Bonds and provided that the amount paid has been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption pursuant to the then Applicable Supervisory Provisions and the minimum capital requirement (howsoever described in the course of the implementation of the Solvency II Directive) is complied with even after such payments and,
- (iii) an order by the Competent Supervisory Authority is prohibiting the Issuer from making interest payments, other distributions or redemption payments,
- (iv) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due and as a result thereof the Issuer enters into impending insolvency or into insolvency, or
- (v) the Liabilities (other than liabilities to persons who are not Senior Credi-

tors) of the Issuer exceed its Assets.

Where:

Applicable Supervisory Provisions means 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) including the generally recognised administrative practice of the Competent Supervisory Authority as well as any directly applicable provisions of the European Community law which will be enacted for the implementation of the Solvency II Directive.

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

Competent Supervisory Authority means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or each authority that will be the functional successor of the Federal Financial Services Supervisory Authority.

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 (including creditors of Senior Securities) whose claims do not rank *pari passu* with, or junior to, claims under the Bonds.

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

Payment of Deferred Interest

Deferred Interest shall become due and payable (in whole and not in part) on the first to occur of the following dates, provided that (A) neither a Solvency Event has occurred or is continuing and (B) the Competent Supervisory Authority has given its prior consent (if such consent is required at the time under the Applicable Supervisory Provisions) on or prior to the date so determined to the payment of the Deferred Interest:

- (i) the Redemption Date;
- (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); or
- (iii) the next Compulsory Interest Payment Date.

Where:

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

Compulsory Interest Payment Date means any Interest Payment Date which is not an Optional Interest Payment Date and on which no Solvency Event has occurred or is continuing.

Furthermore, the Issuer is entitled to pay Deferred Interest (in whole or in part) at any time on giving 10 Business Days' notice to the Bondholders in accordance with § 11 which notice will specify the amount of Deferred Interest to be paid and the date fixed for such payment (the "**Optional Deferred Interest Payment Date**") provided that (i) no Solvency Event has previously occurred and is continuing, and (ii) the Competent Supervisory Authority has given its prior approval

to the payment of the Deferred Interest (if such consent required at the time under the Applicable Supervisory Provisions). Upon such notice being given, the amount of Deferred Interest specified therein will become due and payable (*fällig*), and the Issuer will be obliged to pay such amount of Deferred Interest on the specified Optional Deferred Interest Payment Date; provided that no Solvency Event has occurred or would occur due to the payment of the Deferred Interest on or prior to the Optional Deferred Interest Payment Date and is continuing on the Optional Deferred Interest Payment Date.

- Scheduled Maturity Date** The Floating Interest Rate Payment Date falling on or nearest to 26 May 2042.
- Final Maturity Date**
- (a) If on or prior to the Scheduled Maturity Date none of the circumstances described in paragraph (b) has occurred, the Scheduled Maturity Date; or
 - (b) if on or prior to the Scheduled Maturity Date a Solvency Event has occurred and is continuing, the Floating Interest Payment Date which is immediately following the day on which the Solvency Event has ceased to continue and the Competent Supervisory Authority has given its consent to the redemption of the Bonds (if such consent is required at the time under the Applicable Supervisory Provisions).

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.

Redemption at the Option of the Issuer prior to 26 May 2022 If prior to 26 May 2022 either a Gross-up Event, a Tax Event, an Accounting Event, a Capital Event or a Regulatory Event occurs, the Issuer may, subject to certain limitations, 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.

Where:

Gross-up Event means 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 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.

Tax Event means an opinion of a recognized 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 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

- (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.

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 which change of the criteria, or the interpretation or application thereof, results in a lower equity credit being given to the Bonds as of the date of such changes than the equity credit that was or would have been assigned to the Bonds prior to such changes by such recognised international statistical rating organisation pursuant to the criteria.

A Regulatory Event shall occur if

- (i) prior to the implementation of the Solvency II Directive
 - (a) the Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for dated subordinated debt for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates; or
 - (b) the Competent Supervisory Authority issues further guidance in relation to regulatory capital (howsoever described) at any time, that the Issuer or the Munich Re Group is required for any regulatory capital purposes to have regulatory capital, and that the Bonds would not be eligible to qualify for inclusion in the 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
 - (c) the Competent Supervisory Authority has recognised the Bonds as 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 Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for 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); or

- (d) the Solvency II Directive has not yet been implemented or has not been fully implemented by means of the Applicable Supervisory Provisions or the Applicable Supervisory Provisions have not yet entered into force but the contents thereof are sufficiently concrete for implementation, so that the occurrence of a condition mentioned under (ii) below is to be considered as sufficiently probable; or
- (ii) after the implementation of the Solvency II Directive
 - (a) the Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) would not fulfil the requirements for Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions), in particular for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates; or
 - (b) the Competent Supervisory Authority issues further guidance in relation to Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions) at any time, the Issuer or the Munich Re Group is required for any regulatory capital purposes to have Tier 2 capital, and the Bonds would not be eligible to qualify for inclusion in the Tier 2 capital, in particular 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
 - (c) the Competent Supervisory Authority has recognised the Bonds as Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions) qualifying instruments, in particular for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates and at a subsequent time the Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for Tier 2 capital, in particular 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 be equal to the Aggregate Principal Amount of the Bonds to be redeemed, plus accrued but unpaid interest until the Redemption Date (excluding such date) and outstanding Deferred Interest.

Redemption at the Option of the Issuer from 26 May 2022

Subject to certain limitations, the Issuer may call the Bonds (in whole but not in part) on 26 May 2022 or on any Floating Interest Payment Date thereafter at their Aggregate Principal Amount, plus any accrued but unpaid interest until the redemption date (excluding such date) and outstanding Deferred Interest 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 is, in principle, entitled to call and redeem the Bonds in the circumstances described above but only if various preconditions are met as follows:

- a) Prior to the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions, the Issuer may call and redeem the Bonds and the Issuer and any of its subsidiaries may purchase the Bonds in the open market only if the Aggregate Principal Amount of the Bonds to be purchased has been replaced by other at least equivalent regulatory capital or if the Competent Supervisory Authority has given its prior consent to the acquisition without such replacement.
- b) After the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions, the Issuer may call and redeem the Bonds and the Issuer and any of its subsidiaries may repurchase the Bonds in the open market only if the Competent Supervisory Authority has given its prior consent to the acquisition (if such consent is required at the relevant time under the Applicable Supervisory Provisions) and
 - i. if the Aggregate Principal Amount of the Bonds to be redeemed or purchased has been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption or repurchase pursuant to the then applicable Supervisory Provisions, or
 - ii. in case of a redemption or repurchase from and including 26 May 2017 the Competent Supervisory Authority has given its prior consent to the redemption or repurchase without such replacement.
- c) If the Bonds are repaid in circumstances other than as described above, then, irrespective of any agreement to the contrary, the amount so repaid must be repaid to the Issuer.
- d) The Issuer may not call, redeem or repurchase the Bonds as long as a Solvency Event has occurred or is continuing or would occur in case payments are made, except if the Competent Supervisory Authority has given its prior consent to the payments, the Bonds have been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption or repurchase pursuant to the then Applicable Supervisory Provisions and the minimum capital requirement is complied with even after such payments.

Expected Rating of the Bonds	The Bonds are expected to be rated A by Fitch Deutschland GmbH (<i>Fitch</i>) and A by Standard & Poor's Credit Market Services Ltd. Niederlassung Deutschland (<i>Standard & Poor's</i>), upon issuance.
Principal Paying Agent	Deutsche Bank Aktiengesellschaft.
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 System	Clearstream Banking, société anonyme and Euroclear Bank SA/NV.
Clearing and Settlement	The Bonds will be accepted for clearing through the Clearing System.
Governing Law	German law.
German Act on Issues of Debt Securities (<i>Schuldverschrei-</i>	The Conditions of Issue provide that holders of the Bond may agree by majority vote to amendments of the Conditions of Issue and appoint a joint representative

<i>bungsgesetz)</i>	(<i>gemeinsamer Vertreter</i>) for all holders of the Bond for the preservation of their rights pursuant to section 5 para. 1 of the German Act on Issues of Debt Securities (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen - Schuldverschreibungsgesetz</i>). Resolutions will be adopted in a noteholders' meeting. Such resolutions may however be subject to approval by the Competent Supervisory Authority
Language	The German language version of the Conditions of Issue of the Bonds is binding and decisive.
Security Codes	ISIN: XS0764278288. Common Code: 076427828. WKN: A1ML15.

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:

- Bonds may not be a suitable investment for all investors.
- Neither the Interest Amount nor the Aggregate Principal Amount will be paid in respect of the Bonds if a Solvency Event prevails on a due date for interest or principal; the right to receive such payment of interest or principal may be deferred.
- Payments of interest under the Bonds may be deferred at the election of the Issuer, even if certain payments have been made on a Parity Security or Junior Security.
- The Competent Supervisory Authority may not consent to the payment of deferred interest or principal.
- Claims under the Bonds are subordinated.
- Potential postponement of the scheduled maturity date of the Bonds.
- The Bonds do not provide for termination or put rights of the Bondholders despite their long maturity.
- The Bonds are subject to redemption at the option of the Issuer under certain circumstances.
- There is no limitation on the Issuer to incur additional indebtedness ranking senior or *pari passu* with the Bonds.
- The Conditions of Issue do not provide for events of default.
- Consequences of provisions in the Conditions of Issue depend on the implementation of Solvency II.
- 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.
- The market value of the Bonds could decrease if the creditworthiness of the Munich Re Group deteriorates in the future.

- Investors may be exposed to risks relating to volatility of currency exchange rates.
- A holder of a Bond is subject to risks relating to the application of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – Schuldverschreibungsgesetz*).

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.

Munich Re Group related underwriting risks

- The provisions made by the 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.
- Risks that are unknown today, for instance from new technologies, may lead to unforeseeable losses.
- 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.
- 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 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 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.
- If there is a rise in the price or a shortage of capacity on the reinsurance or retrocession markets and a shortage of the capacity for alternative risk transfer products on the capital markets, it may negatively impact the Munich Re Group's ability to (retro)cede insurance risks to external risk carriers.

Munich Re Group related investment risks

- Munich Re Group's business, financial condition and results of operations could be adversely impacted by deterioration in global and specifically European economic conditions and related impacts on the global financial system.
- Investments by the Munich Re Group in the national and international capital markets may lose value and investment income may fall.
- The Munich Re Group is subject to further financial risks.
- Exchange rates fluctuations may have an adverse effect on the Munich Re Group's financial condition and results of operations.

Munich Re Group related other material risks

- The Munich Re Group is subject to operational risks.
- 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.

- If companies in the Munich Re Group or solo entities fail current and/or future regulatory capital requirements, the Munich Re Group may sustain competitive disadvantages.
- 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 participations in consolidated affiliated enterprises may necessitate writedown for impairments.
- The proposed introduction of a current fulfilment value measurement model under IFRS for the accounting of insurance contracts as well as the new requirements for the measurement of financial instruments in IFRS 9 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 writedown for impairments.

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 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.
- 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 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 Issuer is one of the world's leading risk carriers. Its business covers the whole value chain in insurance and reinsurance. The group is also active in the field of asset management. The Issuer is the parent of the 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. 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, and renamed it into Munich Re America Corporation in 2006. 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**) and its subsidiaries (the **ERGO Insurance Group**). In 1999, the Issuer and ERGO established MEAG MUNICH ERGO Asset-Management GmbH (**MEAG**) for the purpose of optimising their asset management operations. In order to maximise the opportunities involved, the Munich Re Group in 2008 combined its health reinsurance worldwide and health primary insurance outside Germany, pooling it under the brand of Munich Health in 2009.

In 2011, gross premiums written by the Munich Re Group totalled EUR 49.6 billion. The Munich Re Group offers reinsurance in virtually all classes of the insurance business and in all continents, which contributed 52 per cent. of its gross premiums written in 2011, 33 per cent. thereof derived from property-casualty reinsurance and 19 per cent. from life reinsurance. For this purpose, the Issuer maintains subsidiaries, branches, agencies and other offices around the world. Primary insurance, the Munich Re Group's second main field of operations, produced 36 per cent. of gross premiums written in 2011, 13 per cent. derived from life insurance, 11 per cent. from property-casualty insurance and 12 per cent. from German health insurance. The segment primarily focuses on personal lines business in Europe and in particular Germany. In Germany and Europe, the Issuer, through the ERGO Insurance Group, is one of the leading primary insurance groups with almost EUR 17.6 billion gross premiums written in 2011. The segment Munich Health contributed 12 per cent. to gross premiums written in 2011.

In 2011, the Munich Re Group generated over 29 per cent. of its business in Germany, approximately 30 per cent. in Northern America and the remainder in other markets around the world.

As at 31 December 2011, the Munich Re Group had a total of 47,206 (31 December 2010: 46,915) staff worldwide, of whom 11,215 (11,370) were employed in reinsurance, 31,311 (30,887) in primary insurance, 3,927 (3,899) in Munich Health and 753 (759) in Asset Management Business.

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. The following is a disclosure of risk factors that are material to the Bonds in order to assess the market risk associated with these Bonds and risk factors that may affect the Issuer's ability to fulfil its obligations under the Bonds. Prospective investors should consider these risk factors before deciding to purchase Bonds. The following statements are not exhaustive. Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus intensify one another. The occurrence of one or more risks may have a material adverse effect on the own funds, the financial position and the operating result of the Issuer.

1. RISK FACTORS RELATING TO THE BONDS

Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Neither Interest Amount nor the Aggregate Principal Amount will be paid in respect of the Bonds if a Solvency Event prevails on a due date for interest or principal; the right to receive such payment of interest or principal may be deferred.

Following a Solvency Event (as defined in § 4(5) of the Conditions of Issue) and for as long as such Solvency Event continues and none of the limited exceptions in § 4(6) of the Conditions of Issue apply, the Issuer is prohibited from making any payments of interest on the Bonds. Furthermore, § 5(1) sets forth conditions to be met before payment of principal can be made if on a due date for such payment of principal a Solvency Event continues or would be caused by such payment.

Payments of interest under the Bonds may be deferred at the election of the Issuer even if certain payments have been made on a Parity Security or Junior Security.

The Issuer has the option to defer any payment of interest on the Bonds, if the requirements for an optional deferral as set out in § 4(4) of the Conditions of Issue are satisfied. If the Issuer, in its sole discretion, decides to defer a payment of interest on the Bonds, payment of interest so deferred must only be made if the 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. In case the Issuer makes a payment on securities ranking *pari passu* with or junior to the Bonds within a period of six months before an interest payment date, the Issuer may still elect to defer payment of interest on the Bonds, if the payment on such *pari passu* or junior ranking security was caused by a previous payment on a *pari passu* or junior ranking security.

The Competent Supervisory Authority may not consent to the payment of deferred interest or principal.

The Conditions of Issue contain provisions stipulating that payment of deferred interest or principal is subject to, *inter alia*, consent to such payment by the Competent Supervisory Authority. The Competent Supervisory Authority may reject such agreement even though the Issuer and the Munich Re Group comply with the Applicable Supervisory Provisions.

Claims under the Bonds are subordinated.

The Issuer's obligations under the Bonds are subordinated obligations of the Issuer ranking subordinated to all unsubordinated obligations and to all subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code (*Insolvenzordnung*) and at least *pari passu* amongst themselves and with all present unsecured obligations of the Issuer which rank subordinated to all unsubordinated obligations and to all subordinated obligations under section 39 paragraph 1 of the German Insolvency Code, 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 any proceeding for the avoidance of insolvency of the Issuer, the obligations of the Issuer under the Bonds are subordinated to the claims of all holders of unsubordinated obligations and subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code which are not unlikely to include the outstanding debt instruments of the Issuer, except for the 6 per cent. 2011/2041 Subordinated Fixed to Floating Rate Bonds issued on 5 April 2011, which rank *pari passu* with the Bonds, so that in any such event payments in respect of the Bonds will not be made until all claims against the Issuer under obligations which rank senior to obligations of the Issuer under the Bonds in accordance with the Conditions of Issue or by operation of law have been satisfied in full.

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.

Potential postponement of the maturity date of the Bonds.

If on or prior to the Scheduled Maturity Date (as defined in the Conditions of Issue) a Solvency Event (subject to limited exceptions) has occurred and is continuing, or if a Solvency Event (subject to limited exceptions) would occur as a result of the redemption of the Bonds on such date, the Bonds will only be redeemed on the next Floating Interest Payment Date on which no Solvency Event is continuing (or one of the limited exceptions therefrom, e.g. prior consent of the Competent Supervisory Authority to the redemption applies).

Therefore, Bondholders may receive their investment back at a later point in time than initially expected.

If the Bonds are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Bondholders will – subject to any mandatory or optional suspension – continue to receive interest but will not receive any additional compensation for the postponement of the redemption.

The Bonds do not provide for termination or put rights of the Bondholders despite their long maturity.

Pursuant to the Conditions of Issue the holders of the Bonds have no right to terminate the bonds or to have their Bonds redeemed prior to the final maturity date on their own behalf (put right).

The Bonds are subject to redemption at the option of the Issuer under certain circumstances.

Investors should be aware that the Bonds may be redeemed at the option of the Issuer at their Aggregate Principal Amount plus accrued but unpaid interest and Deferred Interest on (i) any Floating Interest Payment Date, and (ii) prior to 26 May 2022 upon the occurrence of a Gross-up Event, a Tax Event, a Regulatory Event, an Accounting Event or a Capital Event (each as defined and subject to the conditions set forth 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. However, such redemp-

tion by the Issuer is subject to several preconditions defined in the Conditions of Issue including *inter alia* the approval by the Competent Supervisory Authority (as defined in the Conditions of Issue).

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 Conditions of Issue do not provide for an event of default.

Holder of the Bonds should be aware that the Conditions of Issue do not contain any express events of default provisions.

Consequences of provisions in the Conditions of Issue depend on the implementation of Solvency II.

The Conditions of Issue include provisions which differentiate in their application of the respective consequences between a scenario where the provisions of Solvency II have been implemented into applicable law and a scenario where the implementation has not yet occurred.

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. As a consequence, the spread between bid and ask price may widen which would have an effect on the market value of the Bonds and the profit holders of the Bonds may realize. Further, there can be no assurance that a market for the Bonds will not be subject to disruptions.

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 increasing market interest rates. While the nominal compensation rate of the Bonds is fixed until 26 May 2022, 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 typically 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, holders of Bonds should be aware that movements of the market interest rate can adversely affect the price of the Bonds and can lead to losses if holders of Bonds sell their Bonds during the period in which the compensation rate of the Bonds is fixed, *i.e.* prior to 26 May 2022.

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 26 May 2022 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.

The market value of the Bonds could decrease if the creditworthiness of the Munich Re Group deteriorates in the future.

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Bonds when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Munich Re Group or the Issuer, the market value of the Bonds will suffer. In addition, even if the likelihood that the Issuer will be in a position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Munich Re Group could adversely change. If any of these risks occurs,

third parties would only be willing to purchase Bonds for a lower price than before the materialisation of the mentioned risk. Under these circumstances, the market value of the Bonds will decrease.

Furthermore, market participants may utilize credit ratings issued by credit rating agencies in relation to the Bonds or the Issuer to assess the credit quality of the Bonds or the creditworthiness of the Issuer. Such credit ratings may however not accurately reflect the actual credit quality of the Bonds or the actual financial position of the Issuer. Should such inaccuracy be discovered, the market value of the Bonds may change to a level adequate for the actual credit quality or financial position respectively. Moreover, changes in ratings of the Issuer or the Bonds may have an impact on the market value of the Bonds.

Investors may be exposed to risks relating to volatility of currency exchange rates.

The Bonds are denominated in Sterling. If such currency represents a foreign currency to a holder of a Bond, such holder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Bonds. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) currency exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

A holder of a Bond is subject to risks relating to the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen - Schuldverschreibungsgesetz).

A holder of a Bond is subject to the risk of being outvoted and to lose rights towards the Issuer against his will in the case that holders of Bonds agree pursuant to the Conditions of Issue to amendments of the Conditions of Issue by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). In the case of an appointment of a noteholders' representative (*gemeinsamer Vertreter*) for all holders of Bonds a particular holder of a Bond may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other holders of Bonds.

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

The Issuer's business, financial condition or consolidated results 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.

MUNICH RE GROUP RELATED UNDERWRITING RISKS

The provisions made by the 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 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 can often occur significant time after the exposure period has ended. 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, bodily injury driven claims as e.g. in workers compensation insurance as well as claims in connection with unprecedented large catastrophes as e.g. hurricane Katrina. In the case of these and other claims, changes in legislation, changes in healthcare expenses and repair costs along with other inflationary 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 environments in which the Munich Re Group operates, accurate reserves can be particularly difficult to assess.

For life insurance products with fixed premiums, parameter risks (trends) that may lead to shorter life expectancies than currently assumed, such as the risk of increasing obesity-related death rates in industrialised nations, constitute a significant risk to the Munich Re Group's portfolio. On the other hand for annuity insurance contracts, which constitute less than 30 per cent. of the Munich Re Group's life insurance reserves, the longevity risk arises from lower than expected mortality rates and therefore moves in the opposite direction. However, the assumed trends may not compensate each other due to the different underlying portfolios regarding for example age and region. In the primary insurance business of the Munich Re Group, the margins for adverse deviation in its portfolio of annuity insurance policies have decreased in the past. 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 two health segments, the Munich Re Group is in general 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.

In German primary health insurance, especially comprehensive health cover, there have been additional uncertainties since 2009 because of changes to the options available to policyholders, for example

- portability of reserves (ageing reserves) when moving to another insurer,
- obligation on insurer to pay benefits for insureds who have not paid premiums, with no possibility to terminate the contract,
- the right to change to a new tariff.

The changes are the result of the law reforming German healthcare (**WSG**). Though the new policyholder options have been taken into account in the valuation model on the basis of past experience, it is difficult to estimate how policyholder behaviour will change in the long term. If there is a lasting change in the actuarial assumptions applied in health primary insurance, it is generally possible to adjust the premiums for long-term contracts. However, under the new regulations for policyholders in Germany, it is no longer possible for an insurer to terminate insurance contracts on the grounds of non-payment of premiums by the policyholder.

The primary life insurers in the Munich Re Group both in Germany and abroad have a substantial portfolio of policies with guaranteed interest and other policyholder options, including annuity and endowment policies. The benefits paid under life insurance policies in Germany are based on a guaranteed interest rate equivalent to market standard 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 and from 1 January 2012 onwards amounts to 1.75 per cent. per annum. 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 interest rates (mainly 10-year government bonds with AAA rating are of relevance to the Munich Re Group) remain 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.

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, tsunamis, 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 endeavors 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 within their maximum underwriting limits. 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 remains the possibility of 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 furthermore negatively influence the capital markets and the world economy in general.

Losses can also arise due to terrorist attacks. The Munich Re Group is exposed to terrorist attacks which are only partially excluded from insurance coverage. However, there is a risk that terrorist attacks cannot be clearly identified, classified or evidenced as terrorist attacks.

As part of its risk strategy the Munich Re Group limits and monitors its overall exposure to natural hazards, windstorm, earthquake and flood, as well as to pandemics. 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. In addition, the Munich Re Group adopts a multidisciplinary approach, using and combining the pertinent experience and expertise of its scientists, specialist underwriters, lawyers, economists, sociologists and actuaries as appropriate for the risk situation, especially resulting from the climate change and global warming. Nevertheless, scientific research into climate change is complex and the political and regulatory environment in which the Munich Re Group operates is developing dynamically, so that it must remain vigilant with regard to the identification and representation of new and emerging risks.

Claims arising from catastrophes may result in unexpected high losses. If catastrophes affecting assets insured by the Munich Re Group occur with higher frequency or have an even greater impact than estimated by the Munich Re Group on the basis of statistical data and scientific models, the claims thus incurred may adversely affect the financial conditions and consolidated results of the Munich Re Group.

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

Risks can occur as a result of legislative, socio-political, scientific, technological and similar changes and are liable to have unmeasured or unknown effects on the Munich Re Group's portfolio. The degree of uncertainty as to the extent of damage and occurrence probability is by nature very high.

As a consequence of increasing global dependencies and the rapid spread of technological innovations, events with impacts difficult to identify using traditional scenario processes are occurring with greater frequency. One example was the earthquake in Japan in 2011 which caused the Fukushima Daiichi nuclear disaster. The earthquake and the nuclear disaster had consequences for the Japanese economy, for instance for the automotive industry, which also impacted companies and other industries around the world. Such chains of events will take on greater importance in the future. In order to manage such risk better, the Munich Re Group has developed tools, which help to make risks and their interdependencies more transparent. Hence the Munich Re Group can improve the identification and structuring of complex accumulation risks. However, even though these tools can help in the risk management process, uncertainties remain high.

Should risks that are unknown today lead to unforeseeable claims, this may have an adverse effect on the financial conditions and consolidated results of the Munich Re Group. The same applies for situations where facts are known today that may inhere a risk but it is impossible today to accurately appraise the potential impact the realization of such risk may have.

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 reinsurance business and, to a lesser degree, in life and health business. How intense the competition is and whether the markets are characterized by high or low capacities depends on a variety of factors. These include the competitive environment, the frequency and severity of catastrophes, the development of loss reserves from past underwriting years, 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. To a certain extent, the cycles are synchronous across various classes of business, with meaningful differences remaining, especially if compared across 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 of the Munich Re Group is also exposed to the cyclical swings of primary insurance. Underwriting results follow a cyclical pattern similar, but usually less volatile, 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.

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.

Despite a relatively strong position of the leading reinsurance players, the international reinsurance market is in particular characterized 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. Both trends have mainly shown up after large loss events when overall industry capacity was reduced and profitable business opportunities arose. In addition, the market is developing a growing number of alternative products that substitute traditional reinsurance and where new competition from other financial institutions, especially banks, is playing an increasing role.

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 limited product differentiation in many business segments, 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 characterized 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, e.g. financial strength, return/interest rates in insurances of the person, sales channels (e.g. increasing role of e-commerce), client relations, quick responses to changes in parameters, product variety and services, costs and prices. There are also circumstances which may result in the deterioration of the quality of business in the primary insurers which may indirectly impact the Munich Re Group. These circumstances include the risk that the insurer's underwriting quality is incorrectly assessed as more favorable by the Munich Re Group and that the credit status of the insurers may develop worse than that anticipated by Munich Re at the time of underwriting the reinsurance treaties.

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 internationalize its business operations predominantly 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 conditions and consolidated results 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, although these risks are more remote than those mentioned above as being relevant in emerging and developing markets.

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 have a negative effect on the business and financial conditions and consolidated results of the Munich Re Group.

If there is a rise in the price or a shortage of capacity on the reinsurance or retrocession markets and a shortage of the capacity for alternative risk transfer products on the capital markets, it may negatively impact the Munich Re Group's ability to (retro)cede insurance risks to external risk carriers.

In principle, the Munich Re Group only accepts risks in its underwriting activities up to the limits of its own risk bearing capacity. Nevertheless, part of the Munich Re Group companies' capital and risk management strategy is to cede primary insurance risks to other reinsurance companies and part of its reinsurance risks to retrocessionaires.

In addition to traditional reinsurance and retrocession, the Munich Re Group also intensively utilizes the option of transferring (re-)insurance risks to investors on the capital markets via insurance linked securities, derivatives and other instruments.

If the capacities for reinsurance, retrocession or alternative risk transfer products become scarce or more expensive, it may be impossible for the Munich Re Group to transfer these risks outside the Munich Re Group and/or only at a higher expense than expected. Consequently, this may adversely affect the financial conditions and consolidated results of the Munich Re Group and/or, to a limited extent, may force the Munich Re Group to reduce the capacity for incoming business.

MUNICH RE GROUP RELATED INVESTMENT RISKS

Munich Re Group's business, financial condition and results of operations could be adversely impacted by deterioration in global and specifically European economic conditions and related impacts on the global financial system.

While global growth reaccelerated at the start of the year 2011, the Eurozone seems to have entered a recession in the fourth quarter of 2011 or the first quarter of 2012. Fiscal consolidation, especially in Europe, deleveraging of private sector balance sheets and a weak structural outlook for many developed countries especially in the US and Japan imply that there is a significant downside risk for the global economy. While recent policy measures have helped to calm tensions in the global financial sector and in Eurozone government bond markets monetary policy is increasingly dependent on non-standard measures, since policy rates are very low. A growth slowdown in emerging markets or an exogenous policy shock could easily reignite fears of an escalation of the European debt crisis. This would have negative effects on risky assets and increase the risk of defaults especially in the sovereign and the financial sector. These developments in turn could have an adverse impact on the Munich Re Group's investment results, its ability to access the capital markets and the bank funding market, the ability of counterparties to meet

their obligations to the Munich Re Group and the short-term outlook for the life insurance industry, particularly in North America and Europe, with a corresponding negative impact on the Munich Re Group's Life & Health business.

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

The Munich Re Group holds a significant investment portfolio of fixed-interest securities, loans, shares and equity funds and real estate. As at 31 December 2011 the market value of fixed-interest securities amounted to EUR 116.4 bn, of loans to EUR 56.9 bn, of shares, equity funds and participating interests to EUR 6.7 bn and of real estate to EUR 5.3 bn. This was equivalent to 56.2 per cent., 27.5 per cent., 3.2 per cent., and 2.6 per cent., respectively, of the market value of the Munich Re Group's investments. The rest of the investment portfolio is classified as 'Miscellaneous'. Any reduction in the value of the Munich Re Group's investment portfolio may have to be reflected in the balance sheets and income statements of the Munich Re Group and its individual companies.

The Munich Re Group invests in different types of fixed-interest investments, for instance in government bonds, corporate bonds, 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 (counterparty 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. In addition, credit risk could incur as a result of a change in the financial rating of a counterparty, such as an issuer of securities or other debtor with liabilities to the Munich Re Group. For example, even though government bond investments had been deemed to be of high credit quality, the European sovereign crisis has shown that a significant counterparty risk is also attached to this asset class.

The investments of the Munich Re Group in equity securities are directly affected by their development on the stock markets that in turn depend on a number of factors that may have an adverse effect on share prices.

In the management of investments, derivatives are mainly used to hedge parts of the portfolio and to optimize earnings. 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.

Investments of the Munich Re Group in real estate contain special real estate risks which include, among others, risks that emanate from the ownership or operation of property, for instance vacancy and tenant structure risks. If these risks materialize, they can have a negative effect on the market value or return of the real estate portfolio.

Within the applied Asset-Liability-Management (ALM) approach that focuses on the mismatch between investments and liabilities, interest rate fluctuations pose a significant risk for the Munich Re Group. Changes in the market values of fixed-interest investments as well as changes in the value of liabilities of the Munich Re Group may affect the equity and the investment income of the Munich Re Group. Furthermore unexpected changes in the correlations between the various factors used to manage Munich Re Group's asset portfolio may impact its performance.

The Munich Re Group is subject to further financial risks.

In addition to credit risks arising out of investments and transactions with clients, the Munich Re Group actively assumes credit risk through the writing of insurance and reinsurance business, including trade credit reinsurance and surety business, financial reinsurance and the granting and insurance of loans. Credit risks can also arise through risk transfers to the capital markets and other financial transactions. Generally, defaults of counterparties to which the Munich Re Group is exposed to might increase.

The Munich Re Group is also exposed to liquidity risks. Fluctuations in capital markets and global economic downturns may affect the liquidity of the Munich Re Group.

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.

MUNICH RE GROUP RELATED OTHER MATERIAL RISKS

The Munich Re Group is subject to operational risks.

The Munich Re Group defines operational risks as potential losses resulting from inadequate processes, technical failure, human error or external events. These include criminal acts committed by employees or third parties, insider trading, infringements of antitrust law, business interruptions, inaccurate processing of transactions, non-compliance with reporting obligations and disagreements with business partners.

Operational risks are managed by means of qualitative measures such as an internal control system and a security risk management framework targeting to assure the continuity of the business operations. Furthermore, operational risks are quantified based on scenarios by expert assessments.

Due to the variety of operational risks, the realization of one of these risks may adversely affect the financial conditions and consolidated results 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 August 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 conditions and consolidated results 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.

In addition, the Munich Re Group's ratings affect those of individual group companies whose ratings are determined by those of the Munich Re Group. If a subsidiary's rating falls 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 rating may also negatively reflect on the result of the Issuer.

If companies in the Munich Re Group or solo entities fail current and/or future regulatory capital requirements, the Munich Re Group may sustain competitive disadvantages.

The progress made in the Solvency II project in 2011 has clarified the future supervisory requirements somewhat, though some uncertainties remain. However, the adoption of the Omnibus II Directive planned for 2012 is expected to clarify the dates for the transition from Solvency I to Solvency II and the duties and powers of EIOPA. Considerable progress has been made on the first pillar, with the exception of the key issue of underwriting liabilities. In particular for life primary insurance, the still open questions have far-reaching implications for capitalisation under Solvency II. There is therefore a risk for companies, including the Munich Re Group's life primary insurers, that they may not meet the capital requirements.

The draft implementing measures produced by the Solvency II Expert Group (SEG) have shed more light on the qualitative requirements of insurance companies and supervisory authorities laid down in Solvency II's Pillar 2. However, these measures are not expected to be adopted before mid-2012.

At national level, implementation of the Solvency II Directive will bring about changes in German supervisory law. We continue to monitor progress in the revision of the German Insurance Supervision Act (*Versicherungsaufsichtsgesetz – VAG*) initiated in the middle of the second quarter of 2011. Munich Re has played, and will continue to play, an active role and submit regular feedback on the drafts. Since there are still outstanding issues in the underlying parallel Solvency II project at European level, some uncertainties remain concerning the final translation into national law.

Besides Solvency II requirements solo entities have to meet other local regulatory requirements. In case the Munich Re Group and/or a solo entities do not meet solvency capital requirements this may adversely affect the financial conditions and consolidated results 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.

Since 2002, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (**BaFin**) requires German primary insurers to submit their investments and liabilities to regular stress tests and to report the results of the tests to BaFin. The BaFin supervisory stress test and other national or supranational authorities is a 12 month consideration and shows the risk bearing ability of a primary insurance company. Parameters are determined by BaFin and for all German primary insurers documented in the GDV (*Gesamtverband der Deutschen Versicherungswirtschaft e.V.*) model. In different fictitious scenarios shares, fixed-interest securities and real estate have to be stressed with parameters adapted by BaFin. While the decline in price of fixed-interest securities (-5% and -10%) and of real estate (-10%) is fixed the deduction in share prices depends on the current level of EuroStoxx50 and follows the principle: The higher EuroStoxx50 rises the higher is the rate of decline to be considered and reversed.

Additionally fixed income assets which do not have an investment grade rating have to be stressed by a decline in price due to rating changes. In addition also liabilities are stressed by assuming the same claim situation as in the previous period.

Since 2005 reinsurance companies are also subject to quantitative supervision. In this process reinsurance companies are obliged to implement supervisory stress tests. The Issuer decided to apply the respective scenarios based on the GDV model for non-life insurers and to modify the GDV model by taking into account the specific features of an international active reinsurance company.

As at 31 December 2011 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 stress tests in the future. Depending on the market environment and/or tightened requirements by BaFin, a company's failure to pass a stress test may lead to competitive disadvantages and to inquiries of BaFin regarding a primary insurer's risk-bearing capacity. The necessity of measures designed to improve the risk-bearing capacity, such as an injection of capital could have a negative effect on the business and financial conditions and consolidated results 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 those stress tests may lead to consequences that could have a negative effect on the business and financial conditions and consolidated results 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 participations in consolidated affiliated enterprises may necessitate writedown 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 consolidated 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.

In the last financial years (2008 to 2011), several impairments of goodwill were identified in the impairment tests of goodwill that are not significant within the meaning of IAS 36.134.

However, presently no indications exist that impairments of material goodwills, especially of Munich Re America Corporation and ERGO, are required. However, in the future impairments may be required which would have a negative effect on the business and financial conditions and consolidated results of the Munich Re Group respectively the results of the Issuer (impairment of participations in affiliated enterprises in the annual financial statements of the Issuer).

The proposed introduction of a current fulfilment value measurement model under IFRS for the accounting of insurance contracts as well as the new requirements for the measurement of financial instruments in IFRS 9 may lead to a substantially higher volatility of the consolidated results.

The Issuer, pursuant to the IFRS framework, currently accounts for insurance contracts in its consolidated financial statements in accordance with US GAAP because the current 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.

The International Accounting Standard Board (IASB) presently develops requirements for the future recognition and measurement of insurance contracts. Currently it is not completely transparent when the IASB will close the gap in regulation by introducing a final IFRS for insurance contracts. This is expected in 2013. For this reason, the envisaged adoption of this new standard is also not yet announced.

Based on the proposals under discussion the new measurement model for insurance contracts plans to establish a four building block approach and – in contrast to the current requirements – the valuation has to be updated at every balance sheet date. This would be a substantial new concept: it would 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 such a current fulfilment value method may make insurance companies' results more volatile, which may also lead to a higher cost of capital.

Additionally, currently the IASB is developing new requirements for the recognition and measurement of financial instruments. This project consists of three main phases which are recognition and measurement, impairment methodologies and hedge accounting. The first phase was finished in November 2009 (for financial assets) respectively in October 2010 (for financial liabilities), the other phases are still ongoing. In addition, in November 2011 it was also decided to make limited modifications to the measurement model for financial instruments. The IASB aims to replace all of the requirements of IAS 39 in 2013; mandatory first time adoption shall be 2015; for (re)insurance companies there might be a further delay in the mandatory adaption subject to and to align it with the insurance contracts project.

The new requirements could also result in an increased volatility in the income statement with the same potential consequences as mentioned above. In addition, these new requirements would also place increased demands on current IT environments, products and processes.

Moreover, any substantial changes in the accounting standards may also affect products and the structure of rates in primary insurance and reinsurance. For all developments under discussion the following has to be considered: As long as no final standard (IFRS) is published, there is always a probability of further changes between the proposals and the final requirements which may also impact the above mentioned.

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 writedown for impairments.

Actuarial methods are used in the balance sheet to calculate the value of 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 necessary in the case of decreases in value.

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, e.g., 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. A recent opinion of the European Court of Justice (*ECJ*) from 1 March 2011 illustrates such relevant change in the interpretation of laws. In its ruling, the ECJ ruled that an exemption in EU equal treatment legislation which allowed Member States of the EU (*EU Member States*) to maintain differentiation between men and women in individuals' premiums and benefits and derogate from the unisex rule with regard to insurance contracts was invalid. Such derogation was permitted, if and to the extent the use of sex was a determining factor in the assessment of risk based on relevant and accurate actuarial and statistical data. All EU Member States had made use of the derogation right for some or all insurance contracts. Consequently, following the ruling of the ECJ all EU Member States will, as of 21 December 2012, have to adjust their local insurance laws accordingly. The ruling will result in significant changes in the calculation of insurance premiums and benefits.

National and international efforts continue to avoid a repeat of the financial crisis by monitoring those markets and their institutions more effectively. Regulation and oversight over insurance companies as well as capital requirements may become stricter.

On the global level the discussion about systemically important financial institutions (sifi) might have major consequences. Companies, which are considered to have a systemic impact in case of a failure, would have the burden of additional (quantitative and qualitative) supervisory requirements.

On the European level, a new institution, the European Insurance and Occupational Pensions Authority (EIOPA) replaced the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) in January 2011. The new regulatory authority has broader powers than CEIOPS and took over the work of CEIOPS in the implementation of Solvency II. In addition, the new European Systemic Risk Board (ESRB), established in December 2010, is now responsible for recognizing and providing due warning of risks at a macroeconomic level for the financial system as a whole.

Also, the new regime for insurance companies in the EU (Solvency II) is currently scheduled to be fully implemented at the beginning of 2014. The implementing measures for Solvency II are still being discussed and drafted. Furthermore, the so-called Omnibus II directive that complements the framework directive is currently in the consultation process and scheduled to be adopted in mid 2012. The implementation of Solvency II will in one way or the other affect the regulatory capital requirements of the Munich Re Group. However, as the crucial technical discussions are still ongoing, its potential future impact can currently not be assessed.

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 the VAG assets which are part of the so called guarantee asset (*Sicherungsvermögen*) and the other fixed assets (*gebundenes Vermögen*) of an insurance company must – whilst taking into consideration the type of insurance business conducted by a primary insurance company and the structure of such primary 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 of the VAG investments of unit-linked life insurances 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 policyholders' 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.

Further, according to sections 119 *et seq.* of the VAG assets of a reinsurance company which are part of the so called qualified asset (*Qualifiziertes Vermögen*) must 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.

Although as at 31 December 2011 all companies of the Munich Re Group met their respective asset coverage criteria to the full extent, 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 conditions and consolidated results of the Munich Re Group.

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 negatively affect the business of the Munich Re Group.

Significant additional tax liabilities may arise from estimates that turn out to be inaccurate 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 December 2011, the Munich Re Group posted EUR 7.547 bn in deferred tax assets and EUR 9.843 bn 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).

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.

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 conditions and results of operations.

PART C: CONDITIONS OF ISSUE OF THE BONDS AND USE OF PROCEEDS

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

£ 450.000.000
nachrangigen, fest bzw. variabel verzinslichen
Schuldverschreibungen mit Fälligkeit zum
26. Mai 2042

begeben von der

**Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München, München, Bun-
desrepublik Deutschland**

§ 1 DEFINITIONEN UND AUSLEGUNG

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

"**Aktiva**" hat die in § 4(5)(c) 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).

"**Anleihebedingungen**" bezeichnet diese Bedingungen der Schuldverschreibungen.

"**Anleihegläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder -rechts an einer Globalurkunde.

"**Anwendbare Aufsichtsrechtliche Vorschriften**" sind die jeweils geltenden Vorschriften des deutschen Versicherungsaufsichtsrechts (für Gruppensolvabilität oder Einzelsolvabilität von Rückversicherungsunternehmen oder Solvabilität nach den Vorschriften für Finanzkonglomerate) einschließlich der geltenden allgemein anerkannten Verwaltungspraxis der Zuständigen Aufsichtsbehörde sowie sämtliche unmittelbar anwendbaren Vor-

CONDITIONS OF ISSUE of the

£ 450,000,000
subordinated fixed to floating rate bonds due
26 May 2042

issued by

**Münchener Rückversicherungs-Gesellschaft
Aktiengesellschaft in München, Munich, Fede-
ral Republic of Germany**

§ 1 DEFINITIONS AND INTERPRETATION

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

"**Assets**" has the meaning specified in § 4(5)(c).

"**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).

"**Conditions of Issue**" means these terms and conditions of the Bonds.

"**Bondholder**" means any holder of a proportional co-ownership participation or right in a Global Bond.

"**Applicable Supervisory Provisions**" means 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) including the generally recognised administrative practice of the Competent Supervisory Authority as well as any directly applicable provisions of the European Community law which will be enacted

schriften des Europäischen Gemeinschaftsrechts, die in Umsetzung der Solvency II Richtlinie erlassen werden.

"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.

"Ausgesetzte Zinszahlungen" bezeichnet jede Wahlweise Ausgesetzte Zinszahlung oder jede Zwingend Ausgesetzte Zinszahlung.

"Aufsichtsrechtliches Ereignis" hat die in § 5(2)(g) festgelegte Bedeutung.

"Ausgabetag" bezeichnet den 29. März 2012.

"Austauschtag" hat die in § 2(2)(b) festgelegte Bedeutung

"Berechnungsstelle" hat die in § 9(2) festgelegte Bedeutung.

"Berechnungszeitraum" hat die in § 4(2)(d) festgelegte Bedeutung.

"Bildschirmseite" hat die in § 4(2)(c) festgelegte Bedeutung.

"Clearingsystem" bezeichnet Clearstream Banking S.A., Luxemburg, 42 Avenue JF Kennedy, L-1855 Luxemburg, Luxemburg und Euroclear Bank SA/NV 1, Boulevard du Roi Albert II, B-1210 Brüssel als Betreiber des Euroclear-Systems.

"Dauerglobalurkunde" hat die in § 2(2)(a) festgelegte Bedeutung.

"Depotbank" bezeichnet ein Kredit- oder sonstiges Finanzinstitut, bei dem der Anleihegläubiger Schuldverschreibungen im Depot verwahren lässt und das ein Konto bei einem Clearing System hat.

"Emittentin" hat die in § 2(1) festgelegte Bedeutung.

"Endfälligkeitstag" hat die in § 5(1) festgelegte Bedeutung.

"Fälligkeitstag Ausgesetzter Zinszahlungen" bezeichnet jeden Tag, an dem die Zahlung von Ausgesetzten Zinszahlungen fällig ist.

"Festzins-Betrag" hat die in § 4(1)(b) festgelegte

for the implementation of the Solvency II Directive.

"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.

"Deferred Interest" means any Optional Deferred Interest or any Mandatory Deferred Interest.

"Regulatory Event" has the meaning specified in § 5(2)(g).

"Issue Date" means 29 March 2012.

"Exchange Date" has the meaning specified in § 2(2)(b).

"Calculation Agent" has the meaning specified in § 9(2).

"Calculation Period" has the meaning specified in § 4(2)(d).

"Screen Page" has the meaning specified in § 4(2)(c).

"Clearing System" means Clearstream Banking S.A., Luxembourg 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg and Euroclear Bank SA/NV 1, Boulevard du Roi Albert II, B - 1210 Brussels as operator of the Euroclear System.

"Permanent Global Bond" has the meaning specified in § 2(2)(a).

"Custodian" means any bank or other financial institution with which the Bondholder maintains a securities account in respect of any Bonds and having an account maintained with a clearing system.

"Issuer" has the meaning specified in § 2(1).

"Final Maturity Date" has the meaning specified in § 5(1).

"Deferred Settlement Date" means any date on which payment of Deferred Interest is due.

"Fixed Interest Amount" has the meaning speci-

Bedeutung.

"**Festzins-Zahlungstag**" hat die in § 4(1)(a) festgelegte Bedeutung.

"**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.

"**Gesamtnebbetrag**" hat die in § 2(1) festgelegte Bedeutung.

"**Geschäftstag**" bezeichnet jeden Kalendertag (außer einen Samstag oder einen Sonntag), an dem Geschäftsbanken und Devisenmärkte in London und Frankfurt am Main, und soweit es die Vornahme von Zahlungen betrifft, am entsprechenden Ort der Vorlegung, Zahlungen abwickeln und für den allgemeinen Geschäftsbetrieb (einschließlich Deviseneinlagengeschäft) geöffnet sind.

"**Gleichrangiges Wertpapier**" bezeichnet (i) jedes von der Emittentin begebene Wertpapier, das zumindest 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 zumindest gleichrangig im Verhältnis zu den Verpflichtungen der Emittentin aus den Schuldverschreibungen sind (allerdings jeweils mit Ausnahme von solchen Wertpapieren, die von Konzerngesellschaften gehalten werden).

"**Globalurkunden**" hat die in § 2(2)(a) festgelegte Bedeutung.

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

"**Hauptzahlstelle**" hat die in § 9(1) festgelegte Bedeutung.

"**Kapitalereignis**" hat die in § 5(2)(f) festgelegte Bedeutung.

"**Konzerngesellschaft**" bezeichnet jedes verbundene Unternehmen der Emittentin i.S.v. § 15 Aktiengesetz.

"**Marge**" hat die in § 4(2)(c) festgelegte Bedeutung.

"**Münchener Rück**" hat die in § 12(1)(c) festgelegte Bedeutung.

"**Münchener-Rück-Gruppe**" bezeichnet die Emittentin und sämtliche nach den Bestimmungen des

fied in § 4(1)(b).

"**Fixed Interest Payment Date**" has the meaning specified in § 4(1)(a).

"**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).

"**Aggregate Principal Amount**" has the meaning specified in § 2(1).

"**Business Day**" means any calendar day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets in London and Frankfurt am Main, and in relation to the making of any payment, the relevant place of presentation, settle payments and are open for general business (including dealing in foreign currency deposits).

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

"**Global Bonds**" has the meaning specified in § 2(2)(a).

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

"**Principal Paying Agent**" has the meaning specified in § 9(1).

"**Capital Event**" has the meaning specified in § 5(2)(f).

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

"**Margin**" has the meaning specified in § 4(2)(c).

"**Munich Re**" has the meaning specified in § 12(1)(c).

"**Munich Re Group**" means the Issuer and any consolidated group entities within the meaning of

Versicherungsaufsichtsgesetzes (bzw. etwaigen Bestimmungen, die das Versicherungsaufsichtsgesetz ersetzen) zu konsolidierende Konzernunternehmen.

"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 solchen Wertpapieren, die von Konzerngesellschaften gehalten werden).

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

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

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

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

"Qualifizierte Mehrheit" hat die in § 13(2) festgelegte Bedeutung.

"Rechnungslegungseignis" hat die in § 5(2)(e) festgelegte Bedeutung.

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

"Relevantes Datum" hat die in § 7 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.

"SchVG" hat die in § 13(1) festgelegte Bedeutung.

"Solvabilitätseignis" hat die in § 4(5)(c) festgelegte Bedeutung.

"Solvabilitätsfehlbetrag" hat die in § 4(5)(c) festgelegte Bedeutung.

"Solvency II Richtlinie" bezeichnet die Richtlinie 2009/138/EG des Europäischen Parlaments und des

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).

"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 held by Group Entities).

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

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

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

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

"Qualified Majority" has the meaning specified in § 13(2).

"Accounting Event" has the meaning specified in § 5(2)(e).

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

"Relevant Date" has the meaning specified in § 7.

"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).

"SchVG" has the meaning specified in § 13(1).

"Solvency Event" has the meaning specified in § 4(5)(c).

"Solvency Shortfall" has the meaning specified in § 4(5)(c).

"Solvency II Directive" means Directive 2009/138/EC of the European Parliament and of

Rates vom 25. November 2009 in der jeweiligen Fassung.

"**Steuerereignis**" hat die in § 5(2)(d) festgelegte Bedeutung.

"**Variabler Zinsbetrag**" hat die in § 4(2)(d) festgelegte Bedeutung.

"**Variabler Zinszahlungstag**" ist, vorbehaltlich § 4(2)(b), der 26. Februar, 26. Mai, 26. August und 26. November eines jeden Jahres beginnend mit dem 26. August 2022 (einschließlich).

"**Variabler Zinszeitraum**" bezeichnet jeweils die Zeiträume vom 26. Mai 2022 (einschließlich) bis zum ersten Variablen Zinszahlungstag (ausschließlich) und danach von jedem Variablen Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Variablen Zinszahlungstag (ausschließlich).

"**Verbindlichkeiten**" hat die in § 4(5)(c) festgelegte Bedeutung.

"**Vereinbarungen**" hat die in § 12(1)(b) festgelegte Bedeutung.

"**Vereinigte Staaten**" hat die in § 2(2)(b) festgelegte Bedeutung.

"**Vorläufige Globalurkunde**" hat die in § 2(2)(a) festgelegte Bedeutung.

"**Vorgesehener Endfälligkeitstag**" ist der Variable Zinszahlungstag, der auf oder um den 26. Mai 2042 fällt.

"**Vorrangige Gläubiger**" hat die in § 4(5)(c) festgelegte Bedeutung.

"**Vorrangige Wertpapiere**" bezeichnet (i) jedes von der Emittentin begebene Wertpapier, das vorrangig im Verhältnis zu den Schuldverschreibungen ist (einschließlich, aber nicht beschränkt auf Verbindlichkeiten gegenüber Gläubigern nicht nachrangiger Forderungen) und (ii) jedes von der Emittentin garantierte Wertpapier, bei dem die Verbindlichkeiten der Emittentin aus der maßgeblichen Garantie vorrangig im Verhältnis zu den Verbindlichkeiten der Emittentin aus den Schuldverschreibungen sind (allerdings jeweils mit Ausnahme von solchen Wertpapieren, die von Konzerngesellschaften gehalten werden).

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

"**Wahlweiser Nachzahlungstag**" hat die in § 4(6)(b) festgelegte Bedeutung.

"**Wahlweiser Zinszahlungstag**" hat die in § 4(3)

the Council of 25 November 2009 as amended.

"**Tax Event**" has the meaning specified in § 5(2)(d).

"**Floating Interest Amount**" has the meaning specified in § 4(2)(d).

"**Floating Interest Payment Date**" means, subject to § 4(2)(b), 26 February, 26 May, 26 August and 26 November in each year, commencing on and including 26 August 2022.

"**Floating Interest Period**" means each period from and including 26 May 2022 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.

"**Liabilities**" has the meaning specified in § 4(5)(c).

"**Documents**" has the meaning specified in § 12(1)(b).

"**United States**" has the meaning specified in § 2(2)(b).

"**Temporary Global Bond**" has the meaning specified in § 2(2)(a).

"**Scheduled Maturity Date**" means the Floating Interest Rate Payment Date falling on or nearest to 26 May 2042.

"**Senior Creditors**" has the meaning specified in § 4(5)(c).

"**Senior Securities**" mean (i) any security issued by the Issuer which ranks senior to the Bonds (including, but not limited to obligations owed to unsubordinated 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 held by Group Entities).

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

"**Optional Deferred Interest Payment Date**" has the meaning specified in § 4(6)(b).

"**Optional Interest Payment Date**" has the mean-

festgelegte Bedeutung.

"**Zahlstelle**" hat die in § 9(4) 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.

"**Zuständige Aufsichtsbehörde**" ist die Bundesanstalt für Finanzdienstleistungsaufsicht oder jede Behörde, die der Bundesanstalt für Finanzdienstleistungsaufsicht in ihrer Funktion nachfolgen oder sie ersetzen wird.

"**Zwingend Ausgesetzte Zinszahlungen**" bezeichnet jeden nach § 4(5)(a) ausgesetzten Betrag.

ing specified in § 4(3).

"**Paying Agent**" has the meaning specified in § 9(4).

"**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.

"**Competent Supervisory Authority**" means the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or each authority that will be the functional successor of the Federal Financial Services Supervisory Authority.

"**Mandatory Deferred Interest**" means any amounts deferred under § 4(5)(a).

§ 2

NENNBETRAG UND STÜCKELUNG; VERBRIEFUNG; VERWAHRUNG; ÜBERTRAGBARKEIT

(1) Nennbetrag und Stückelung

Die Emission der nachrangigen, fest bzw. variabel verzinslichen Schuldverschreibungen mit fester Laufzeit der Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, München, Bundesrepublik Deutschland (die "**Emittentin**") ist eingeteilt in 4.500 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 £ 100.000 (in Worten: Pfund Sterling einhunderttausend) (der "**Nennbetrag**") im Gesamtnennbetrag von £ 450.000.000 (in Worten: Pfund Sterling vierhundertfünfzigmillionen) (der "**Gesamtnennbetrag**").

(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

§ 2

PRINCIPAL AMOUNT AND DENOMINATION; FORM; DEPOSIT; TRANSFERABILITY

(1) Principal Amount and Denomination

The issue of the dated subordinated fixed to floating rate bonds by Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München, Munich, Federal Republic of Germany (the "**Issuer**") is divided into 4,500 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 £ 100,000 (in words: Sterling one hundred thousand) each (the "**Principal Amount**") in the aggregate principal amount of £ 450,000,000 (in words: Sterling four hundred and fifty million) (the "**Aggregate Principal Amount**").

(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

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.

- (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 Austauschtag 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) **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.

§ 3

STATUS DER SCHULDVERSCHREIBUNGEN; KEINE SICHERHEITEN; AUFRECHNUNGSVERBOT

(1) **Status der Schuldverschreibungen**

Die Schuldverschreibungen begründen direkte, nicht besicherte, nachrangige Verbindlichkeiten der

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) 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) **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 OF THE BONDS; NO SECURITY; PROHIBITION OF SET-OFF

(1) **Status of the Bonds**

The Bonds constitute direct, unsecured and subordinated obligations of the Issuer which rank subor-

Emittentin, die gegenüber allen nicht nachrangigen Verbindlichkeiten sowie gegenüber allen nachrangigen Verbindlichkeiten im Sinne von § 39 Absatz 1 Insolvenzordnung nachrangig sind und die untereinander und mit allen anderen gegenwärtigen nicht besicherten Verbindlichkeiten der Emittentin, die nachrangig gegenüber allen nicht nachrangigen Verbindlichkeiten sowie gegenüber allen nachrangigen Verbindlichkeiten im Sinne von § 39 Absatz 1 Insolvenzordnung der Emittentin sind, zumindest gleichrangig 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 der Abwendung der Insolvenz der Emittentin dienenden Verfahrens gehen die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen im Rang den Ansprüchen aller Inhaber nicht nachrangiger Verbindlichkeiten und den im Sinne von § 39 Absatz 1 Insolvenzordnung nachrangigen Verbindlichkeiten nach, so dass in diesen Fällen Zahlungen auf die Schuldverschreibungen erst erfolgen, wenn alle Ansprüche gegen die Emittentin aus Verbindlichkeiten, die den Verbindlichkeiten der Emittentin aus den Schuldverschreibungen nach diesen Anleihebedingungen oder kraft Gesetzes im Rang vorgehen, 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 oder die Kündigungsfristen verkürzt werden. Eine vorzeitige Rückzahlung ist der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, soweit die Emittentin nicht aufgelöst wurde und sofern nicht der Betrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel, die der Eigenmittelkategorie entsprechen, der die Schuldverschreibungen zum Zeitpunkt der Rückzahlung gemäß den dann Anwendbaren Aufsichtsrechtlichen Vorschriften zugewiesen sind, ersetzt worden ist oder die Zuständige Aufsichtsbehörde der vorzeitigen Rückzahlung zugestimmt hat.

(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.

(4) Aufrechnungsverbot

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen gegen mögliche Forderungen der Emittentin aufzurechnen. Die Emittentin ist nicht berechtigt, mögliche For-

dinaten to all unsubordinated obligations and to all subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code (*Insolvenzordnung*) and at least *pari passu* amongst themselves and with all present unsecured obligations of the Issuer which rank subordinated to all unsubordinated obligations and to all subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code, 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 any proceeding 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 unsubordinated obligations and subordinated obligations within the meaning of section 39 paragraph 1 of the German Insolvency Code so that in any such event payments in respect of the Bonds will not be made until all claims against the Issuer under obligations which rank senior to obligations of the Issuer under the Bonds in accordance with these Conditions of Issue or by operation of law have been satisfied in full.

(2) Note pursuant to section 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), amend the maturity or shorten any applicable termination period in respect of the Bonds. Any amounts redeemed early must be returned to the Issuer irrespective of any agreement to the contrary unless the Issuer has been dissolved, and to the extent the amount paid has been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption pursuant to the then Applicable Supervisory Provisions, or the Competent Supervisory Authority has consented to such early redemption.

(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) 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

derungen gegen Anleihegläubiger mit ihren Verbindlichkeiten aus den Schuldverschreibungen aufzurechnen.

Bondholder against any of its obligations under the Bonds.

§ 4

**ZINSEN; OBLIGATORISCHE ZINSAU-
LUNGEN; WAHLWEISE
ZINSAUSSETZUNG; ZWINGENDE
ZINSAUSSETZUNG; ZAHLUNG AUSGE-
SETZTER ZINSAUHLUNGEN**

(1) Festzinszahlungen

Vorbehaltlich einer vorzeitigen Rückzahlung gemäß diesen Anleihebedingungen und der Bestimmungen dieses § 4 werden Zinsen auf die Schuldverschreibungen vom Ausgabetag (einschließlich) bis zum 26. Mai 2022 (ausschließlich) wie folgt gezahlt:

- (a) Die Schuldverschreibungen werden mit jährlich 6,625 % auf ihren Gesamtnennbetrag verzinst. Diese Zinsen sind nachträglich jährlich am 26. Mai eines jeden Jahres (jeder ein "**Festzins-Zahlungstag**"), erstmals am 26. Mai 2013 fällig und belaufen sich für diesen ersten Festzins-Zahlungstag auf GBP 7.677,74 je Schuldverschreibung.
- (b) Die an dem jeweiligen Festzins-Zahlungstag zu zahlenden Zinsen je Schuldverschreibung (der "**Festzins-Betrag**") ergeben sich aus der Multiplikation von 6,625 % mit dem maßgeblichen Nennbetrag je Schuldverschreibung. Der daraus resultierende Betrag wird auf den nächsten ganzen Penny auf- oder abgerundet, wobei 0,5 oder mehr eines Pennies aufgerundet werden. Zinsen, die auf einen vor dem 26. Mai 2022 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 26. Mai 2022 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) wie folgt gezahlt:

- (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

§ 4

**INTEREST; COMPULSORY INTEREST
PAYMENTS; OPTIONAL INTEREST DE-
FERRAL; MANDATORY INTEREST DE-
FERRAL; PAYMENT OF DEFERRED IN-
TEREST**

(1) Fixed Interest Payments

Unless previously redeemed in accordance with these Conditions of Issue and subject to the provisions of this § 4, interest on the Bonds from and including the Issue Date to, but excluding, 26 May 2022 shall be paid as follows:

- (a) The Bonds bear interest at the rate of 6.625 per cent. *per annum* on their Aggregate Principal Amount. Such interest shall be payable annually in arrear on 26 May of each year (each a "**Fixed Interest Payment Date**"), commencing on 26 May 2013 and will amount for such first Fixed Interest Payment Date to GBP 7,677.74 per Bond.
- (b) Interest payable per Bond on the respective Fixed Interest Payment Date ("**Fixed Interest Amount**") shall be calculated by multiplying 6.625 per cent. by the relevant Principal Amount per Bond and rounding the resulting figure to the nearest whole penny, with 0.5 or more of a penny being rounded upwards. If interest is to be calculated for a period of less than one year ending prior to 26 May 2022, 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 26 May 2022 to, but excluding, the Final Maturity Date as follows:

- (a) The Bonds shall bear interest at a rate determined by the Calculation Agent pursuant to § 4(2)(d) below, payable quarterly in arrear on each Floating Interest Payment

Zinszahlungstag gezahlt werden.

- (b) Falls ein Variabler Zinszahlungstag auf einen Kalendertag fallen würde, der kein Geschäftstag ist, ist der Variable Zinszahlungstag der nächstfolgende Geschäftstag, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall fällt der betreffende Variable Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag.
- (c) Der Zinssatz (der "**Zinssatz**") für jeden Variablen Zinszeitraum ist, sofern nachstehend nichts Abweichendes bestimmt ist, der Dreimonats-Angebotssatz (ausgedrückt als Prozentsatz pro Jahr) in Pfund Sterling (GBP) für den jeweiligen Variablen Zinszeitraum, der am Zinsfestlegungstag um 15:00 Uhr (Londoner Ortszeit) auf der Bildschirmseite angezeigt wird, zuzüglich der Marge, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird dort kein Angebotsatz angezeigt, wird die Berechnungsstelle von vier von ihr ausgewählten Referenzbanken deren jeweilige Angebotssätze gegenüber erstklassigen Banken in Pfund Sterling (GBP) 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 Angebotssätze gegen 15:00 Uhr (Londoner Ortszeit) am betreffenden Zinsfestlegungstag. Sofern zwei oder mehr der ausgewählten Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für den betreffenden Variablen Zinszeitraum das arithmetische Mittel der jeweiligen Angebotssätze (falls erforderlich, auf oder abgerundet auf das nächste ein tausendstel Prozent, wobei 0,0005 aufgerundet wird), zuzüglich der Marge.

Für den Fall, dass der Zinssatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, ist der Zinssatz der Angebotssatz oder das arithmetische Mittel der Angebotssätze auf der Bildschirmseite, wie vorstehend beschrieben, am letzten Kalendertag vor dem Zinsfestlegungstag, an dem ein solcher Angebotssatz bzw. solche Angebotssätze angezeigt wurde(n), zuzüglich der Marge.

"**Bildschirmseite**" bezeichnet die Reuters

Date.

- (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 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) The rate of interest ("**Rate of Interest**") for each Floating Interest Period shall, except as provided below, be the three-months offered quotation (expressed as a percentage rate per annum) in Sterling (GBP) for that Floating Interest Period which appears on the Screen Page as of 3:00 p.m. London time on the Interest Determination Date, plus the Margin, all as determined by the Calculation Agent.

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 Sterling (GBP). The relevant offered quotations shall be those offered at approximately 3:00 p.m. London 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.

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 LI-

Seite LIBOR01 (oder eine andere Bildschirmseite von Reuters oder einem anderen Informationsanbieter, die die Reuters Seite LIBOR01 zur Anzeige solcher Zinssätze ersetzt).

Die "**Marge**" beträgt 3,950 % pro Jahr zuzüglich eines Aufschlags von 100 Basispunkten.

"**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 Penny auf oder abgerundet, wobei 0,5 oder mehr eines Pennies 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 365.

- (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 Ge-

BOR01 (or such other screen page of Reuters or such other information service, which is the successor to Reuters Page LIBOR01 for the purpose of displaying such interest rates).

"**Margin**" means 3.950 per cent. per annum plus a step-up of 100 basis points.

"**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 penny with 0.5 or more of a penny 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 365.

- (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 determina-

schäftstag mitgeteilt werden.

- (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.

(3) Obligatorische Zinszahlungen

Zinsen, die während eines Zeitraumes auflaufen, der an einem Obligatorischen Zinszahlungstag (ausschließlich) endet, sind an diesem Obligatorischen Zinszahlungstag fällig und zahlbar.

"**Obligatorischer Zinszahlungstag**" bezeichnet jeden Zinszahlungstag, der kein Wahlweiser Zinszahlungstag ist und an dem kein Solvabilitätsereignis eingetreten ist oder andauert.

"**Wahlweiser Zinszahlungstag**" bezeichnet jeden Zinszahlungstag, an dem die nachfolgend aufgeführten Kriterien eingetreten sind und an dem kein Solvabilitätsereignis eingetreten ist oder andauert:

- (i) während der diesem Zinszahlungstag unmittelbar vorausgehenden sechs (6) 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 sechs (6) 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, die zwischen Konzerngesellschaften geleistet wurden und die unter den Bedingungen dieser

tion.

- (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) Compulsory Interest Payments

Interest which accrues during a period ending on (but excluding) a Compulsory Interest Payment Date shall be due and payable on that Compulsory Interest Payment Date.

"**Compulsory Interest Payment Date**" means any Interest Payment Date which is not an Optional Interest Payment Date and on which no Solvency 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 no Solvency Event has occurred or is continuing:

- (i) no dividend, other distribution or payment (including payments for the purposes of a repurchase of own 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 within the last six (6) 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 purpose 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 was compulsory under the terms of those Parity Securities or Junior Securities) within the last six (6) months immediately preceding such Interest Payment Date (except such interest, other distribution or payment is

Gleichrangigen Wertpapiere oder Nachrangigen Wertpapiere zwingend zu leisten waren).

made between Group Entities).

- | | |
|---|---|
| <p>(4) Wahlweise Aussetzung von Zinszahlungen</p> <p>(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 ganz oder teilweise 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.</p> <p>(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.</p> | <p>(4) Optional deferral of interest payments</p> <p>(a) Interest accrued 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 in whole or in part; 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.</p> <p>(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.</p> |
| <p>(5) Zwingende Aussetzung von Zinszahlungen</p> <p>(a) Falls an einem Zinszahlungstag ein Solvabilitätsereignis eintritt oder durch die Zahlung dieses Zinsbetrages eintreten würde, wird die Zahlung dieses Zinsbetrages ausgesetzt; in dem Fall, dass die Zahlung eines solchen Zinsbetrages selbst ein Solvabilitätsereignis herbeiführt, ist die Emittentin nur verpflichtet, die Zahlung des Solvabilitätsfehlbetrags auszusetzen.</p> <p>(b) Die Emittentin hat den Anleihegläubigern das Vorliegen eines Solvabilitätsereignisses 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</p> | <p>(5) Mandatory deferral of interest payments</p> <p>(a) If on any Interest Payment Date a Solvency Event has occurred or would occur due to the payment of the relevant Interest Amount the payment of such Interest Amount 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 only be obliged to defer the payment of the Solvency Shortfall.</p> <p>(b) The Issuer shall notify the Bondholders of the existence of a Solvency 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 In-</p> |

Gründen. Zwingend Ausgesetzte Zinszahlungen werden nicht verzinst.

- (c) Ein "**Solvabilitätsereignis**" liegt vor, wenn an einem bestimmten Tag
- (A) vor der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften, die Emittentin oder die Münchener-Rück-Gruppe nicht über die von der Zuständigen Aufsichtsbehörde geforderten Mittel zur Deckung der geforderten Mindestsolvabilitätsspanne oder vergleichbarer Spannen und Kennziffern oder eines entsprechenden Werts nach einer Änderung der Anwendbaren Aufsichtsrechtlichen Vorschriften verfügen oder diese geforderte Mindestsolvabilitätsspanne oder vergleichbare Spanne oder Kennziffer durch Zahlungen unter den Schuldverschreibungen, die an einem solchen Tag fällig wären, unterschritten würde,
- (B) ab der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften und vorausgesetzt, dass die dann Anwendbaren Aufsichtsrechtlichen Vorschriften in Bezug auf Tier 2 Kapital (unabhängig von der in den Anwendbaren Aufsichtsrechtlichen Vorschriften gewählten Bezeichnung) eine Aussetzung von Zahlungen unter den Schuldverschreibungen in den folgenden Fällen erfordern: die Eigenmittel (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) der Emittentin oder der Münchener-Rück-Gruppe reichen nicht aus, um die geltenden Anforderungen nach den Anwendbaren Aufsichtsrechtlichen Vorschriften (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) zu erfüllen oder durch Zahlungen unter den Schuldverschreibungen, die an einem solchen Tag fällig wären, würden die geltenden Anforderungen nicht mehr eingehalten, es sei denn die nachstehenden Bedingungen sind erfüllt (sofern diese Bedingungen nach den Anwendbaren Aufsichtsrechtlichen Vorschriften dann erforderlich sind),
- (i) die Zuständige Aufsichtsbehörde
- terest shall not itself bear interest.
- (c) A "**Solvency Event**" shall have occurred if on a certain date
- (A) prior to the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions, the Issuer or the Munich Re Group do not have appropriate funds to cover the minimum solvency margin required by the Competent Supervisory Authority or comparable margins and ratios or a comparable term in case of a change in the Applicable Supervisory Provisions or such funds would, as a result of any payments under the Bonds that would otherwise be due on such date become less than the required minimum solvency margin or comparable margin or ratio,
- (B) upon the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions and provided that the then Applicable Supervisory Provisions in respect of Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions) require a deferral of payments under the Bonds for the following cases: the regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) of the Issuer or the Munich Re Group is not sufficient to comply with the relevant requirements under the Applicable Supervisory Provisions (howsoever described in the course of the implementation of the Solvency II Directive) or the relevant requirements would, as a result of any payments under the Bonds that would otherwise be due on such date, not be complied with, unless the following conditions are complied with (if such conditions will be required at the time under the Applicable Supervisory Provisions),
- (i) the Competent Supervisory Au-

de hat Zinszahlungen unter den Schuldverschreibungen zugestimmt, diese Zahlungen schwächen nicht weiter die Solvabilität der Emittentin und die Mindestkapitalanforderung (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) ist auch nach diesen Zahlungen erfüllt, oder

- (ii) die Zuständige Aufsichtsbehörde hat Zahlungen in Bezug auf jegliche Rückzahlung oder jeglichen Rückkauf der Schuldverschreibungen zugestimmt, der gezahlte Betrag ist durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel, die der Eigenmittelkategorie entsprechen, der die Schuldverschreibungen zum Zeitpunkt der Rückzahlung gemäß den dann Anwendbaren Aufsichtsrechtlichen Vorschriften zugewiesen sind, ersetzt worden und die Mindestkapitalanforderung (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) ist auch nach diesen Zahlungen erfüllt,

- (C) es der Emittentin aufgrund einer Verfügung der Zuständigen Aufsichtsbehörde untersagt ist, Zinszahlungen, sonstige Ausschüttungen oder Rückzahlungen vorzunehmen,
- (D) die Emittentin nicht in der Lage ist, ihre Verbindlichkeiten gegenüber ihren Vorrangigen Gläubigern bei Fälligkeit zu zahlen und es dadurch zur drohenden Zahlungsunfähigkeit oder zur Zahlungsunfähigkeit der Emittentin kommt, oder
- (E) die Verbindlichkeiten (ausgenommen Verbindlichkeiten gegenüber Gläubigern, die keine Vorrangigen Gläubiger sind) die Aktiva der Emittentin übersteigen.

Dabei gilt folgendes:

"**Aktiva**" bezeichnet die Summe der nicht-konsolidierten Aktiva der Emittentin, wie sie im zuletzt geprüften und veröffentlichten Jahresabschluss der Emittentin ausge-

thority has agreed to interest payments under the Bonds, these payments do not further weaken the solvency position of the Issuer and the minimum capital requirement (howsoever described in the course of the implementation of the Solvency II Directive) is complied with even after such payments, or

- (ii) the Competent Supervisory Authority has agreed to payments in relation to any redemption or repurchase of the Bonds and provided that the amount paid has been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption pursuant to the then Applicable Supervisory Provisions these and the minimum capital requirement (howsoever described in the course of the implementation of the Solvency II Directive) is complied with even after such payments and,

- (C) an order by the Competent Supervisory Authority is prohibiting the Issuer from making interest payments, other distributions or redemption payments,
- (D) the Issuer is unable to pay its debts owed to its Senior Creditors as they fall due and as a result thereof the Issuer enters into impending insolvency or into insolvency, or
- (E) the Liabilities (other than liabilities to persons who are not Senior Creditors) of the Issuer exceed its Assets.

Where:

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

wiesen 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 (einschließlich der Gläubiger von Vorrangigen Wertpapieren), deren Ansprüche nicht gleichrangig oder nicht nachrangig gegenüber Ansprüchen aus den Schuldverschreibungen sind.

- (6) **Zahlung Ausgesetzter Zinszahlungen**
- (a) Ausgesetzte Zinszahlungen werden (vollständig, jedoch nicht teilweise) an dem zuerst eintretenden der nachfolgend bestimmten Kalendertage fällig und zahlbar, sofern (A) kein Solvabilitätsereignis eingetreten ist oder andauert und (B) die Zuständige Aufsichtsbehörde am oder vor dem so bestimmten Kalendertag der Zahlung der Ausgesetzten Zinszahlungen zugestimmt hat (sofern eine solche Zustimmung nach den Anwendbaren Aufsichtsrechtlichen Vorschriften dann erforderlich ist):
- (i) am Rückzahlungstag;
 - (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), oder
 - (iii) am nächsten Obligatorischen Zinszahlungstag.
- (b) Die Emittentin ist berechtigt, Ausgesetzte Zinszahlungen jederzeit ganz oder teilweise nach Bekanntmachung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von 10 Geschäftstagen nachzahlen, wobei eine solche Bekanntma-

"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 (including creditors of Senior Securities) whose claims do not rank *pari passu* with, or junior, to claims under the Bonds.

- (6) **Payment of Deferred Interest**
- (a) Deferred Interest shall become due and payable (in whole but not in part) on the first to occur of the following dates, provided that (A) no Solvency Event has occurred or is continuing and (B) the Competent Supervisory Authority has given its prior consent (if such consent is required at the time under the Applicable Supervisory Provisions) on or prior to the date so determined to the payment of the Deferred Interest:
- (i) the Redemption Date;
 - (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); or
 - (iii) the next Compulsory Interest Payment Date.
- (b) The Issuer is entitled to pay Deferred Interest (in whole or in part) at any time on giving 10 Business Days' notice to the Bondholders in accordance with § 11 which notice will specify the amount of Deferred Interest to be paid and the date

chung den Betrag an Ausgesetzten Zinszahlungen, der gezahlt werden soll, und den für diese Zahlung festgelegten Termin (der "**Wahlweise Nachzahlungstag**") enthalten muss, vorausgesetzt dass (i) kein Solvabilitätsereignis eingetreten ist bzw. fort dauert und (ii) die Zuständige Aufsichtsbehörde ihre Zustimmung zur Nachzahlung der Ausgesetzten Zinszahlungen erteilt hat (sofern eine solche Zustimmung nach den Anwendbaren Aufsichtsrechtlichen Vorschriften dann erforderlich ist). Nach einer solchen Bekanntmachung wird der darin angegebene Betrag an Ausgesetzten Zinszahlungen am angegebenen Wahlweisen Nachzahlungstag fällig, und die Emittentin ist verpflichtet, diesen Betrag an Ausgesetzten Zinszahlungen am angegebenen Wahlweisen Nachzahlungstag zu zahlen, sofern nicht an oder vor dem Wahlweisen Nachzahlungstag ein Solvabilitätsereignis eingetreten ist oder durch die Zahlung der Ausgesetzten Zinszahlungen eintreten würde und an dem Wahlweisen Nachzahlungstag fort dauert.

(7) 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 zu. Dieser Anspruch begründet eine unbesicherte und nachrangige Verbindlichkeit der Emittentin, die mit den Schuldverschreibungen im Rang gleich steht.

§ 5

RÜCKZAHLUNG UND RÜCKKAUF

(1) Rückzahlung bei Endfälligkeit

Sofern nicht bereits zuvor im Einklang mit diesen Anleihebedingungen zurückgezahlt oder zurückgekauft, werden die Schuldverschreibungen am Endfälligkeitstag zum Gesamtnennbetrag zuzüglich aufgelaufener, nicht gezahlter Zinsen und nicht gezahlter Ausgesetzter Zinszahlungen zurückgezahlt.

"**Endfälligkeitstag**" ist

- (a) wenn am oder vor dem Vorgesehenen Endfälligkeitstag keiner der in Absatz (b) genannten Umstände eingetreten ist, der Vorgesehene Endfälligkeitstag; oder

fixed for such payment (the "**Optional Deferred Interest Payment Date**") provided that (i) no Solvency Event has previously occurred and is continuing, and (ii) the Competent Supervisory Authority has given its prior approval to the payment of the Deferred Interest (if such consent required at the time under the Applicable Supervisory Provisions). Upon such notice being given, the amount of Deferred Interest specified therein will become due and payable (*fällig*), and the Issuer will be obliged to pay such amount of Deferred Interest on the specified Optional Deferred Interest Payment Date; provided that no Solvency Event has occurred or would occur due to the payment of the Deferred Interest on or prior to the Optional Deferred Interest Payment Date and is continuing on the Optional Deferred Interest Payment Date.

(7) 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. Such claim shall constitute an unsecured and subordinated obligation of the Issuer ranking *pari passu* with the Bonds.

§ 5

REDEMPTION AND REPURCHASE

(1) Redemption at Maturity

Unless previously redeemed or repurchased in compliance with these Conditions of Issue, the Bonds will be redeemed at their Aggregate Principal Amount plus accrued but unpaid interest and outstanding Deferred Interest on the Final Maturity Date.

"**Final Maturity Date**" means

- (a) if on or prior to the Scheduled Maturity Date none of the circumstances described in paragraph (b) has occurred, the Scheduled Maturity Date; or

- (b) wenn am oder vor dem Vorgesehenen Endfälligkeitstag ein Solvabilitätsereignis eingetreten ist und noch andauert, der Variable Zinszahlungstag, der unmittelbar auf den Tag folgt, an dem das Solvabilitätsereignis nicht mehr vorliegt und die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen zugestimmt hat (sofern eine solche Zustimmung nach den Anwendbaren Aufsichtsrechtlichen Vorschriften dann erforderlich ist).
- (b) if on or prior to the Scheduled Maturity Date a Solvency Event has occurred and is continuing, the Floating Interest Payment Date which is immediately following the day on which the Solvency Event has ceased to continue and the Competent Supervisory Authority has given its consent to the redemption of the Bonds (if such consent is required at the time under the Applicable Supervisory Provisions).
- (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 Aufsichtsrechtlichen Ereignisses, eines Rechnungslegungsereignisses oder eines Kapitalereignisses vor dem 26. Mai 2022 ist die Emittentin vorbehaltlich § 5(6) berechtigt, die Schuldverschreibungen jederzeit (ganz aber nicht 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 Rückzahlungsbeitrag zurückzuzahlen.
- (2) Redemption following a Gross-up Event, a Tax Event, an Accounting Event, a Capital Event or a Regulatory Event**
- If prior to 26 May 2022 either a Gross-up Event, a Tax Event, a Regulatory Event, an Accounting Event or a Capital 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) Dabei gilt für den Fall eines Gross-up Ereignisses, dass:
- (a) In the case of a Gross-up Event:
- (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
- (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) die Emittentin der Hauptzahlstelle vor Abgabe einer solchen Kündigungsmittelung folgende Dokumente übermittelt bzw. deren Übermittlung veranlasst:
- (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) 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 Rückzahlungs-
- (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

recht der Emittentin eingetreten sind, sowie

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|---|--|
| <p>(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.</p> | <p>(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.</p> |
| <p>(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; eine Kündigung auf Grund eines Rechnungslegungsereignisses oder eines Kapitalereignisses darf jedoch nicht vor dem 26. Mai 2017 erfolgen, wenn ein solches Recht einer Anerkennung der Schuldverschreibungen als Tier 2 Kapital (unabhängig von der in den Anwendbaren Aufsichtsrechtlichen Vorschriften gewählten Bezeichnung), insbesondere für Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften der Finanzkonglomerate, entgegenstehen würde.</p> | <p>(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; provided however that any such redemption in respect of an Accounting Event or a Capital Event shall not occur prior to 26 May 2017 if such right would prevent the Bonds from being treated as Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions), in particular for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates.</p> |
| <p>(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.</p> | <p>(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.</p> |
| <p>(d) Ein "Steuerereignis" liegt vor, wenn:</p> <p>(i) der Hauptzahlstelle ein Gutachten</p> | <p>(d) "Tax Event" means</p> <p>(i) an opinion of a recognised indepen-</p> |

eines anerkannten unabhängigen Steuerberaters übergeben worden ist, aus dem hervorgeht, dass an oder nach dem Ausgabetag als Folge:

- (x) 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
- (y) 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
- (z) 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.

(e) Ein "Rechnungslegungsereignis" liegt vor, wenn:

dent tax counsel has been delivered to the Principal Paying Agent, stating that on or after the Issue Date, as a result of:

- (x) 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
- (y) 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
- (z) 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.

(e) "Accounting Event" means

- (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.
- (f) Ein "**Kapitalereignis**" liegt vor, wenn eine anerkannte internationale Rating Agentur ihre am Ausgabetag geltenden Kriterien, deren Auslegung bzw. Anwendung für die Eigenkapitalanrechnung von Wertpapieren wie diese Schuldverschreibungen ändert, und ab diesem Zeitpunkt die Änderung der Kriterien, deren Auslegung bzw. Anwendung zu einer niedrigeren Eigenkapitalanrechnung führt, als die Eigenkapitalanrechnung, die diesen Schuldverschreibungen von dieser anerkannten internationalen Rating Agentur vor dem Zeitpunkt dieser Änderung aufgrund der Kriterien, deren Auslegung bzw. Anwendung zugewiesen wurde oder worden wäre.
- (g) Ein "**Aufsichtsrechtliches Ereignis**" liegt vor, wenn:
- (A) vor Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften
- (i) die Zuständige Aufsichtsbehörde schriftlich gegenüber der Emittentin feststellt, dass die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen an nachrangige Verbindlichkeiten mit fester Laufzeit für Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften für Finanzkonglomerate erfüllen, oder
- (ii) die Zuständige Aufsichtsbehörde zu irgendeinem Zeitpunkt weitere Richtlinien
- (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.
- (f) "**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, which change of the criteria, or the interpretation or application thereof, results in a lower equity credit being given to the Bonds as of the date of such changes than the equity credit that was or would have been assigned to the Bonds prior to such changes by such recognised international statistical rating organisation pursuant to the criteria.
- (g) A "**Regulatory Event**" shall occur if
- (A) prior to the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions
- (i) the Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for dated subordinated debt for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates; or
- (ii) the Competent Supervisory Authority issues further guidance in relation to regulatory

über aufsichtsrechtliche Eigenmittel (unabhängig von der gewählten Bezeichnung) herausgibt, wonach die Emittentin oder die Münchener-Rück-Gruppe verpflichtet ist, für Eigenmittelzwecke aufsichtsrechtliche Eigenmittel vorzuhalten, und die Schuldverschreibungen zu diesem Zeitpunkt nicht die Anforderungen für aufsichtsrechtliche Eigenmittel 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 Zuständige Aufsichtsbehörde die Schuldverschreibungen als geeignete Finanzinstrumente für aufsichtsrechtliche Eigenmittel für die Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften der Finanzkonglomerate anerkannt hat und die Zuständige Aufsichtsbehörde zu einem späteren Zeitpunkt schriftlich gegenüber der Emittentin feststellt, dass die Schuldverschreibungen (ganz oder teilweise) nicht länger die Anforderungen an aufsichtsrechtliche Eigenmittel 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); oder
- (iv) die Solvency II Richtlinie durch die Anwendbaren Aufsichtlichen Vorschriften

capital (howsoever described) at any time, that the Issuer or the Munich Re Group is required for any regulatory capital purposes to have regulatory capital, and that the Bonds would not be eligible to qualify for inclusion in the 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 Competent Supervisory Authority has recognised the Bonds as 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 Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for 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); or
- (iv) the Solvency II Directive has not yet been implemented or has not been fully implemented by means of the

noch nicht oder nur zum Teil umgesetzt wurde oder die Anwendbaren Aufsichtsrechtlichen Vorschriften noch nicht in Kraft getreten sind, deren bekanntgebener endgültiger Inhalt jedoch bereits so konkret ist, dass der Eintritt einer der nachstehend unter (B) beschriebenen Bedingungen als ausreichend wahrscheinlich anzusehen ist; oder

(B) nach Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften

(i) die Zuständige Aufsichtsbehörde schriftlich gegenüber der Emittentin feststellt, dass die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen an Tier 2 Kapital (unabhängig von der in den Anwendbaren Aufsichtsrechtlichen Vorschriften gewählten Bezeichnung), insbesondere für Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften für Finanzkonglomerate erfüllen; oder

(ii) die Zuständige Aufsichtsbehörde zu irgendeinem Zeitpunkt weitere Richtlinien über Tier 2 Kapital (unabhängig von der in den Anwendbaren Aufsichtsrechtlichen Vorschriften gewählten Bezeichnung) erlässt, wonach die Emittentin oder die Münchener-Rück-Gruppe verpflichtet ist, für Eigenmittelzwecke Tier 2 Kapital vorzuhalten und die Schuldverschreibungen zu diesem Zeitpunkt nicht die Anforderungen für Tier 2 Kapital, insbesondere 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

Applicable Supervisory Provisions or the Applicable Supervisory Provisions have not yet entered into force but the published final contents thereof are sufficiently concrete, so that the occurrence of a condition mentioned under (B) below is to be considered as sufficiently probable; or

(B) after the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions

(i) the Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) would not fulfil the requirements for Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions), in particular for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates; or

(ii) the Competent Supervisory Authority issues further guidance in relation to Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions) at any time, the Issuer or the Munich Re Group is required for any regulatory capital purposes to have Tier 2 capital, and the Bonds would not be eligible to qualify for inclusion in the Tier 2 capital, in particular 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

Höhe des Betrages dieser Eigenmittel zurückzuführen ist);
oder

- (iii) die Zuständige Aufsichtsbehörde die Schuldverschreibungen als geeignete Finanzinstrumente für Tier 2 Kapital (unabhängig von der in den Anwendbaren Aufsichtsrechtlichen Vorschriften gewählten Bezeichnung), insbesondere für Zwecke der Ermittlung der Einzelsolvabilität oder der Gruppensolvabilität oder der Solvabilität nach den Vorschriften der Finanzkonglomerate anerkannt hat und die Zuständige Aufsichtsbehörde zu einem späteren Zeitpunkt schriftlich gegenüber der Emittentin feststellt, dass die Schuldverschreibungen (ganz oder teilweise) nicht länger die Anforderungen an Tier 2 Kapital, insbesondere für 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).
- (iii) the Competent Supervisory Authority has recognised the Bonds as Tier 2 capital (regardless of the term chosen by Applicable Supervisory Provisions) qualifying instruments, in particular for single solvency or group solvency purposes or the solvency pursuant to the regulations for financial conglomerates and at a subsequent time the Competent Supervisory Authority states in writing to the Issuer that the Bonds (in whole or in part) no longer fulfil the requirements for Tier 2 capital, in particular 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**" pro Schuldverschreibung entspricht dem Nennbetrag der zurückzuzahlenden Schuldverschreibung zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener, nicht gezahlter Zinsen und nicht gezahlter Ausgesetzter Zinszahlungen.

(4) Rückzahlung nach Wahl der Emittentin ab dem 26. Mai 2022

Die Emittentin kann die Schuldverschreibungen vorbehaltlich § 5(6) am 26. Mai 2022 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 Gesamtnennbetrag zuzüglich sämtlicher bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen und nicht gezahlter Ausgesetzter Zinszahlungen kündigen.

(3) Redemption Amount

The "**Redemption Amount**" per Bond shall be equal to the Principal Amount of the Bond to be redeemed, plus accrued but unpaid interest until the Redemption Date (excluding such date) and outstanding Deferred Interest.

(4) Redemption at the option of the Issuer from 26 May 2022

Subject to § 5(6), the Issuer may call the Bonds (in whole but not in part) on 26 May 2022 or on any Floating Interest Payment Date thereafter at their Aggregate Principal Amount, plus any interest accrued but unpaid until the Redemption Date (excluding such date) and outstanding Deferred Interest 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.

Eine solche Kündigungsmittelung verpflichtet die Emittentin, die Schuldverschreibungen am 26. Mai 2022 oder an dem in dieser Kündigungsmittelung angegebenen Variablen Zinszahlungstag zu ihrem Gesamtnennbetrag, nebst Zinsen, die bis zu diesem Kalendertag (ausschließlich) aufgelaufen sind und nicht gezahlter Ausgesetzter Zinszahlungen, 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) Vor Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften steht der Emittentin das Recht zur Kündigung und Rückzahlung der Schuldverschreibungen gemäß § 5(2) oder § 5(4) sowie den in § 5(5) genannten Personen das Recht zum Erwerb der Schuldverschreibungen gemäß § 5(5) nur dann zu, wenn der Gesamtnennbetrag der zurückzuzahlenden oder zu erwerbenden Schuldverschreibungen durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Zuständige Aufsichtsbehörde der Rückzahlung oder dem Rückkauf ohne einer solchen Ersetzung zuvor zugestimmt hat.
- (b) Nach Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften steht der Emittentin das Recht zur Kündigung und Rückzahlung der Schuldverschreibungen gemäß § 5(2) oder § 5(4) sowie den in § 5(5) genannten Personen das Recht zum Rückkauf der Schuldverschreibungen gemäß § 5(5) nur dann zu, wenn die Zuständige Aufsichtsbehörde der Rückzahlung oder dem Rückkauf zuvor zugestimmt hat (sofern im betreffenden Zeitpunkt eine solche Zustimmung aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist) und

Such notice of redemption shall oblige the Issuer to redeem the Bonds on 26 May 2022 or the Floating Interest Payment Date specified in such notice at their Aggregate Principal Amount, plus accrued interest to that date (excluding such date) and outstanding Deferred Interest.

(5) Repurchase of Bonds

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

(6) Limitation of termination rights and repurchase

- (a) Prior to the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions, the Issuer may call and redeem the Bonds in accordance with § 5(2) or § 5(4) only and the persons mentioned in § 5(5) may repurchase the Bonds in accordance with § 5(5) only if the Aggregate Principal Amount of the Bonds to be redeemed or repurchased has been replaced by other at least equivalent regulatory capital or if the Competent Supervisory Authority has given its prior consent to the redemption or repurchase without such replacement.
- (b) After the implementation of the Solvency II Directive by means of the Applicable Supervisory Provisions, the Issuer may call and redeem the Bonds in accordance with § 5(2) or § 5(4) only and the persons mentioned in § 5(5) may repurchase the Bonds in accordance with § 5(5) only if the Competent Supervisory Authority has given its prior consent to the redemption or repurchase (if such consent is required at the relevant time under the Applicable Supervisory Provisions)

- (i) wenn der Gesamtnennbetrag der zurückzuzahlenden oder zu erwerbenden Schuldverschreibungen durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel, die der Eigenmittelkategorie entsprechen, der die Schuldverschreibungen zum Zeitpunkt der Rückzahlung oder des Rückkaufs gemäß den dann Anwendbaren Aufsichtsrechtlichen Vorschriften zugewiesen sind, ersetzt worden ist (sofern im betreffenden Zeitpunkt eine solche Ersetzung aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften notwendig ist) oder
- (ii) im Falle einer Rückzahlung oder eines Rückkaufs ab dem 26. Mai 2017 (einschließlich) die Zuständige Aufsichtsbehörde der Rückzahlung oder dem Rückkauf ohne eine solche Ersetzung zuvor zugestimmt hat.
- (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.
- (d) Sofern ein Solvabilitätsereignis eingetreten ist und noch andauert oder bei Zahlungen eintreten würde, darf die Emittentin keine Zahlungen im Hinblick auf eine Kündigung bzw. einen Rückkauf der Schuldverschreibungen leisten, außer die Zuständige Aufsichtsbehörde hat den Zahlungen zuvor zugestimmt, die Schuldverschreibungen wurden durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel, die der Eigenmittelkategorie entsprechen, der die Schuldverschreibungen zum Zeitpunkt der Rückzahlung oder des Rückkaufs gemäß den dann Anwendbaren Aufsichtsrechtlichen Vorschriften zugewiesen sind, ersetzt und die Mindestkapitalanforderung (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) ist auch nach diesen Zahlungen erfüllt.
- (7) Keine Rückzahlung nach Wahl der Anleihegläubiger**
Die Anleihegläubiger sind zu keinem Zeitpunkt vor dem Endfälligkeitstag berechtigt, von der Emittentin eine Rückzahlung der Schuldverschreibungen
- (i) and if the Aggregate Principal Amount of the Bonds to be redeemed or repurchased has been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption or repurchase pursuant to the then applicable Supervisory Provisions (if such replacement is required at the time under the Applicable Supervisory Regulations), or
- (ii) in case of a redemption or repurchase from and including 26 May 2017 the Competent Supervisory Authority has given its prior consent to the redemption or repurchase without such replacement.
- (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.
- (d) The Issuer may not make any payments with regard to a redemption or repurchase of the Bonds as long as a Solvency Event has occurred and is continuing or would occur in case payments are made, except if the Competent Supervisory Authority has given its prior consent to the payments, the Bonds have been replaced by other capital of status at least equal to the capital classification afforded to the Bonds at the time of redemption or repurchase pursuant to the then Applicable Supervisory Provisions and the minimum capital requirement (howsoever described in the course of the implementation of the Solvency II Directive) is complied with even after such payments.
- (7) No redemption at the option of the Bondholders**
The Bondholders shall not be entitled to put the Bonds for redemption at any time prior to the Final Maturity Date.

zu verlangen.

**§ 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 Pfund Sterling (GBP) 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 gemäß § 9 bezeichneten Geschäftsstelle 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.

**§ 7
BESTEUERUNG**

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

**§ 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 Sterling (GBP). 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 of this Paying Agent pursuant to § 9. 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
TAXATION**

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

- 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
- (c) ein solcher Abzug oder Einbehalt hinsichtlich einer Auszahlung an eine natürliche Person oder eine niedergelassene Einrichtung 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
- (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.
- 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) where such deduction or withholding is imposed on a payment to an individual or a residual entity 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 26 to 27 November 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) 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.

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.

**§ 8
VORLEGUNGSFRIST**

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen in

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 monies 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
PRESENTATION PERIOD**

The term for presentation of the Bonds in respect of the Aggregate Principal Amount as laid down in

Bezug auf den Gesamtnennbetrag auf zehn Jahre verkürzt.

section 801 paragraph 1 sentence 1 of the German Civil Code is reduced to ten years.

§ 9

ZAHLSTELLEN UND BERECHNUNGSSTELLE

(1) Hauptzahlstelle

Deutsche Bank Aktiengesellschaft mit der Geschäftsstelle in der Grossen Gallusstraße 10-14, 60278 Frankfurt am Main ist die Hauptzahlstelle ("**Hauptzahlstelle**").

(2) Berechnungsstelle

Deutsche Bank Aktiengesellschaft ist die Berechnungsstelle ("**Berechnungsstelle**").

(3) 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.

(4) 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 (gemeinsam mit der Hauptzahlstelle, die "**Zahlstellen**", und jede eine "**Zahlstelle**") oder andere Zahlstellen bzw. andere Berechnungsstellen zu ernennen. 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 wie diese Schuldverschreibungen zu begeben, so dass die neu begebenen Schuldverschreibungen mit diesen eine einheitliche Serie bilden.

§ 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 Schuldver-

§ 9

PAYING AGENTS AND CALCULATION AGENT

(1) Principal Paying Agent

Deutsche Bank Aktiengesellschaft with its office in Grosse Gallusstraße 10-14, 60278 Frankfurt am Main, Germany shall be the principal paying agent ("**Principal Paying Agent**").

(2) Calculation Agent

Deutsche Bank Aktiengesellschaft shall be the calculation agent ("**Calculation Agent**").

(3) 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.

(4) 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 (together with the Principal Paying Agent, the "**Paying Agents**", and each a "**Paying Agent**") or a successor Calculation Agent. 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 so as to form a single series with the Bonds.

§ 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

schreibungen 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 "Luxemburger 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.

§ 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 "**Vereinba-**

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 "Luxemburger 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

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

- rungen") 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;
- (e) die Münchener Rück 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
- the substitution and in which the Substituted Debtor has undertaken in favour of each Bondholder as third party beneficiary pursuant to section 328 of the German Civil Code (*Bürgerliches Gesetzbuch*) 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, substituting, where applicable, references to the Former Residence with references to the New Residence;
- (e) Munich Re 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

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 (1)(a) bis (i) und (2) genannten Bestimmungen finden entsprechende Anwendung; insbesondere bleibt § 12(1)(c) im Hinblick auf die Münchener Rück weiter anwendbar und die Münchener Rück muß an jeder Neuen Emittentin unmittelbar oder mittelbar Anteile von mindestens 95% halten. Bezugnahmen in diesen Anleihebedingungen auf die Emittentin gelten, wo der Zusammenhang dies erfordert, als Bezugnahmen auf eine derartige weitere Neue Emittentin.

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

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*; in particular § 12(1)(c) shall remain applicable in relation to Munich Re and Munich Re shall hold directly or indirectly at least 95% of the share capital of the Substitute Debtor. 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) After a substitution pursuant to this § 12 any Substituted Debtor may, after giving notice in accordance with § 11 and without the consent of any Bondholder, reverse the substitution, *mutatis mutandis*.

**§13
ÄNDERUNG DER ANLEIHEBEDINGUNGEN
DURCH BESCHLUSS DER ANLEIHEGLÄU-**

**§13
AMENDMENTS TO THE TERMS AND
CONDITIONS BY RESOLUTION OF THE**

BIGER; GEMEINSAMER VERTRETER

BONDHOLDERS; JOINT REPRESENTATIVE

(1) Änderungen der Anleihebedingungen

Die Anleihebedingungen können, vorbehaltlich der in § 3(2), §4(5) und § 5(6) genannten aufsichtsrechtlichen Einschränkungen und vorbehaltlich der Zustimmung der Zuständigen Aufsichtsbehörde (sofern eine solche Zustimmung aufgrund Anwendbarer Aufsichtsrechtlicher Vorschriften dann erforderlich ist) durch Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweiligen gültigen Fassung mit Zustimmung der Emittentin geändert werden. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 12 abschließend geregelt ist, mit den in dem nachstehenden § 13(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

(2) Mehrheitsbeschlüsse

Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nr. 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte ("**Qualifizierte Mehrheit**").

(3) Abstimmung

Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 13(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 13(3)(b) getroffen.

- (a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5% des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Gläubigerversammlung nach Maßgabe von § 9 SchVG verlangen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubiger-

(1) Amendments to the Terms and Conditions by Resolution of the Bondholders

Subject to the regulatory limitations set out in § 3(2), §4(5) and § 5(6) and subject to the Competent Supervisory Authority having given its prior consent (if such consent is required at the time under Applicable Supervisory Provisions), the Terms and Conditions may be amended by a majority resolution of the Bondholders pursuant to sections 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen, "SchVG"*), as amended from time to time, with the consent of the Issuer. In particular, the Bondholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under section 5 paragraph 3 of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 12, by resolutions passed by such majority of the votes of the Bondholders as stated under § 13(2) below. A duly passed majority resolution will be binding upon all Bondholders.

(2) Quorum requirements

Except as provided by the following sentence and provided that the quorum requirements are being met, the Bondholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of section 5 paragraph 3 numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent, of the voting rights participating in the vote ("**Qualified Majority**").

(3) Resolution

Resolutions of the Bondholders will be made either in a Bondholder's meeting in accordance with § 13(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 13(3)(b).

- (a) Resolutions of the Bondholders in a Bondholder's meeting will be made in accordance with sections 9 et seqq. of the SchVG. Bondholders holding Bonds in the total amount of 5 per cent, of the outstanding Aggregate Principal Amount of the Bonds may request, in writing, to convene a Bondholders' meeting pursuant to sections 9 of the SchVG. The convening notice of a Bondholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the pro-

versammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben. Für die Teilnahme an der Gläubigerversammlung oder die Ausübung der Stimmrechte ist eine Anmeldung der Anleihegläubiger vor der Versammlung erforderlich. Die Anmeldung muss unter der in der Einberufung mitgeteilten Adresse spätestens am dritten Kalendertag vor der Gläubigerversammlung zugehen.

- (b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5% des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Abstimmung ohne Versammlung nach Maßgabe von § 9 i.V.m. § 18 SchVG verlangen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

(4) Nachweis

Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank und die Vorlage eines Sperrvermerks der Depotbank zugunsten einer Hinterlegungsstelle für den Abstimmungszeitraum nachzuweisen. Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Abs. 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.

(5) Gemeinsamer Vertreter

Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 13(2) zuzustimmen.

posed resolutions will be notified to Bondholders in the agenda of the meeting. The attendance at the Bondholders' meeting or the exercise of voting rights requires a registration of the Bondholders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Bondholders' meeting.

- (b) Resolutions of the Bondholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with sections 18 of the SchVG. Bondholders holding Bonds in the total amount of 5 per cent, of the outstanding Aggregate Principal Amount of the Bonds may request, in writing, the holding of a vote without a meeting pursuant to sections 9 in connection with sections 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Bondholders together with the request for voting.

(4) Special confirmation

Bondholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the Custodian and by submission of a blocking instruction by the Custodian for the benefit of a depository (*Hinterlegungsstelle*) for the voting period. The voting right is suspended as long as any Bonds are attributable to the Issuer or any of its affiliates (within the meaning of sections 271(2) of the German Commercial Code (*Handelsgesetzbuch*) or are being held for the account of the Issuer or any of its affiliates.

(5) Joint representative

The Bondholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Bondholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 13(2), to a material change in the substance of the Terms and Conditions.

(6) Bekanntmachungen

Bekanntmachungen betreffend diesen § 13 erfolgen gemäß den §§ 5 ff. SchVG sowie nach § 11.

(6) Notices

Any notices concerning this § 13 will be made in accordance with sections 5 et seqq. of the SchVG and § 11.

§ 14

**ANWENDBARES RECHT; ERFÜLLUNGS-
ORT;
GERICHTSSTAND**

§ 14

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

(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.

(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) Erfüllungsort

Erfüllungsort ist München, Bundesrepublik Deutschland.

(2) Place of Performance

Place of performance is Munich, Federal Republic of Germany.

(3) Gerichtsstand

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

(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.

§ 15

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.

§ 15

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.

3. USE OF PROCEEDS

Net of commissions and expenses the Issuer expects the gross proceeds from the Bonds to amount up to approximately £ 448,000,000. The Issuer intends to use the net proceeds of the issuance of the Bonds to repurchase outstanding bonds and for its other general corporate purposes.

PART D: DESCRIPTION OF THE ISSUER

STATUTORY AUDITORS

The auditors of the Issuer are KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (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 years ended 31 December 2011 and 2010 and issued in each case an unqualified opinion dated 5 March 2012 and 2 March 2011.

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 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. 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, and renamed it into Munich Re America Corporation in 2006.

Munich Re 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 the ERGO Insurance Group.

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

In order to maximise the opportunities involved, the Munich Re Group in 2008 combined its health reinsurance worldwide and health primary insurance outside Germany, pooling it under the brand of Munich Health in 2009.

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 179,341,212 ordinary registered no par value shares (*Stückaktien*), following buy-back programmes in the period from 27 November 2006 until 12 April 2011. In sum, 50,239,021 shares were repurchased via the stock exchange (for further information about these share buy-back programmes please refer to the website of the Issuer). All shares acquired were cancelled on the basis of resolutions of the Managing Board, as a result of which the number of shares was reduced from 229,580,233 to its current

Part D: Description of the Issuer

179,341,212 whilst leaving the amount of the share capital unchanged. All shares are fully paid up and have the same voting 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 21 April 2014 (Authorised Capital Increase 2009). New registered no par value shares may be issued at one or more occasions for contributions in cash or kind. However, the managing board of the Issuer (*Vorstand*) (**Managing Board**), with the consent of the supervisory board of the Issuer (*Aufsichtsrat*) (the **Supervisory Board**), may exclude the preemptive 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 10,000,000 that is available with a time limit of 19 April 2016 (Authorised Capital Increase 2011). 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 117,000,000 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 on 20 April 2011 authorised the Managing Board of the Issuer to buy back up to 10% of its outstanding share capital. The authorization expires on 19 April 2016 in accordance with § 71 Section 1 No. 8 of the German Stock Corporation Act.

Major Shareholders

Under the German Securities Trading Act, any investor whose shareholding – through acquisition, disposal or other means – attains, exceeds or falls below specified percentages of the voting rights in the Issuer must notify the Issuer and the German Federal Financial Supervisory Authority (BaFin). The lowest threshold for this notification requirement is 3% of the voting rights. As at 31 December 2011 the following notifications were valid.

On 13 and 18 May 2010, several companies of the group of BlackRock Inc., New York, USA notified that they held directly and indirectly 6.15% of the share capital, including the direct or indirect holdings of BlackRock Financial Management Inc., New York, USA (4.90%), BlackRock Holdco 2 Inc., Wilmington, USA (4.90%), BlackRock International Holdings Inc., New York, USA (4.10%), BR Jersey International Holdings L.P., St. Helier, Jersey, UK (4.10%) and BlackRock Advisors Holdings Inc. New York, USA (4.10%). Designated a purely financial investment without strategic interests, these shares are included in the free float. On 13 March 2012 BlackRock Inc., New York, USA notified that they now hold directly and indirectly 6.0810% of the share capital.

On 15 October 2010, Warren E. Buffett notified that, as at 12 October 2010 10.244% of the share capital were attributable to Warren E. Buffett and held by himself and several companies of his group (Berkshire Hathaway Inc., OBH LLC, National Indemnity Co.). According to the notification dated 15 October 2010 of (1) Warren E. Buffett, Omaha, USA, (2) Berkshire Hathaway Inc., Omaha, USA, (3) OBH LLC, Omaha, USA and (4) National Indemnity Company, Omaha, USA, the intention behind the acquisition of shares in the Issuer of the persons under (1) to (4) was described as follows: (i) the investment serves the purpose of making trading profits and not of implementing strategic objectives, (ii) it is intended to acquire further voting rights within the next twelve months, (iii) it is not intended to exert influence on the composition of the management, direction or supervisory organs of the Issuer, (iv) it is not intended to significantly change the capital structure of the Issuer, in particular not with regard to the equity/debt-ratio or the dividend policy and (v) the funds used for the financing of the acquisition of voting rights in the Issuer are equity capital. According to the Annual Letter to Shareholders of Berkshire Hathaway Inc. published on 25 February 2012, Warren E. Buffett and several companies of his group hold 20,060,390 shares which equal 11.2% of the share capital as of the date of this prospectus.

On 8 September 2011 the People's Bank of China / SAFE, Beijing, China, on behalf of the People's Republic of China, notified the Issuer that the share of the voting rights of the People's Republic of China in Munich Re had exceeded the threshold of 3% on 5 August 2011 and amounted to 3.04% as per this date. Thereof 3.04% are attributable to it and are held by People's Bank of China respectively the State Ad-

ministration of Foreign Exchange (SAFE), which is a controlled undertaking. On 11 August 2011, the People's Bank of China / SAFE, Beijing, China, had already informed the Issuer that its share of the voting rights in Munich Re had exceeded the threshold of 3% on 5 August 2011 and amounted to 3.04% as per this date.

Accordingly as at 31 December 2011 89.8% of the share capital were allocated to the free float.

As at 31 December 2011, 72.1% of the shares were held by foreign investors (end of 2010: 72.7%). Private investors accounted for 12.6% (end of 2010: 10.5%). A list of major shareholders is also available on the website of the Issuer which is updated from time to time.

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 % 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.

In a situation where payment of interest under the Bonds is deferred in accordance with the Conditions of Issue the Issuer intends to take such action as may be appropriate in order to facilitate a restoration of its regulatory capital position, which may include that the Supervisory Board and the Managing Board may, subject to applicable stock corporation law, (i) consider not to propose a dividend, distribution or other payment on any class of shares to the general meeting and (ii) not to redeem, repurchase or otherwise acquire any shares of any class of the Issuer other than in the context of Share Participation Activities (as defined in the Conditions of Issue).

For the financial years 2008, 2009 and 2010 the Issuer has paid the following dividends on fully paid up shares:

	Dividend in EUR
2008	5.50
2009	5.75
2010	6.25

The Issuer intends, subject to approval by the Annual General Meeting, to pay a dividend of EUR 6.25 per share for the business year 2011.

Business Overview

With its integrated business model consisting of insurance and reinsurance, the Munich Re Group can cover the whole value chain in the risk market. This enables the Munich Re Group to leverage synergies in revenue and costs, whilst reducing the risk-based capital required through better diversification. The Munich Re Group is also active in the field of asset management.

The reinsurance companies of the Munich Re Group operate globally and in virtually all classes of reinsurance. The Munich Re Group offers a full range of products, from traditional reinsurance to innovative solutions for risk assumption, increasingly using its extensive risk knowledge to develop customised solutions to meet the diverse needs of its clients. The companies of the Munich Re Group conduct their business from their respective headquarters and also via a large number of branches, subsidiaries and affiliated companies. The reinsurance group also includes specialty primary insurers in niche segments, whose business requires special competence in finding appropriate solutions.

Domination and profit-transfer agreements (*Beherrschungs- und Gewinnabführungsverträge*) are in place with many Munich Re Group companies, especially between ERGO and its subsidiaries.

The Munich Re Group's primary insurance segment combines all the activities of the ERGO Insurance Group with the exception of health insurance business outside Germany, which is handled by Munich Health. The ERGO Insurance Group is active in nearly all lines of life, health and property-casualty insurance.

Munich Health also operates on a global basis in reinsurance and exploits business opportunities in the field of health primary insurance outside Germany in selected growth markets such as the Gulf region, India, and the United States.

Munich Reinsurance Company and the ERGO Insurance Group's holding company, ERGO Versicherungsgruppe AG, are under unified control (*einheitliche Leitung*) within the meaning of the German Stock Companies Act. The relevant statutory regulations and a group directive govern the distribution of responsibilities and competences for key decisions between group management and ERGO.

In 2011 the Munich Re Group generated EUR 49.6 bn gross premiums written thereof derived from reinsurance EUR 26.0 bn. In primary insurance nearly all branches of life, health and property-casualty insurance are operated and some 75 per cent of gross written premiums are derived from Germany and the remaining 25 per cent mainly from other European countries. As at 31 December 2011, the Munich Re Group had a total of 47,206 (31 December 2010: 46,915) staff worldwide, of whom 11,215 (11,370) were employed in reinsurance, 31,311 (30,887) in primary insurance, 3,927 (3,899) in Munich Health and 753 (759) in asset management business.

Reinsurance

In reinsurance, the Munich Re Group operates in life and property-casualty business, the latter being subdivided into liability, accident, motor, marine, aviation, space, fire, engineering, credit and bonding, and other classes of business. The last heading comprises the remaining lines of property business, i.e. burglary, plate glass, hail (including agricultural reinsurance), water damage, contingency, windstorm, livestock, householders' and homeowners' comprehensive cover as well as fidelity guarantee business. Under reinsurance, the Munich Re Group includes specialised primary insurance activities that are handled by the various divisions of the reinsurance organisation and business from managing general agencies (MGA s).

As a reinsurer, the Munich Re Group writes its business in direct collaboration with primary insurers, but also via brokers and increasingly within the framework of exclusive, strategic partnerships. In addition to traditional reinsurance business, the Munich Re Group participates via its operating field Risk Solutions in the primary insurance business of industrial clients, insurance pools, public-private partnerships, and business in specialist niche segments.

Reinsurance business is organized in the following divisions:

International life business is written in the Life Division.

The Europe and Latin America Division is responsible for property-casualty business with clients from Europe (except Germany), Latin America and the Caribbean.

The Germany, Asia Pacific and Africa Division conducts property-casualty business with clients in Germany, Africa, Asia, Australia and the Pacific Islands.

Special and Financial Risks (SFR) is in charge of the classes of credit, aviation and space, agriculture, enterprise and contingency risks, and of alternative markets business. Insurance risk securitisation and risk transfer to the capital markets are handled by the Munich Re Group's Risk Trading Unit. In addition, the division attends to the Munich Re Group's own reinsurance requirements (retrocession).

Global Clients and North America handles accounts with major international insurance groups (hence "Global Clients") and globally operating Lloyd's syndicates as well as Bermuda companies. It also pools know-how in the North American market. It is responsible for property-casualty subsidiaries there and for international special lines business such as workers' compensation, marine and the Watkins Syndicate, which is a part of the Munich Re Group and operates within Lloyd's of London.

Primary Insurance

The Munich Re Group's second pillar is primary insurance business, which is conducted by the ERGO Insurance Group. Via the ERGO Insurance Group, the Munich Re Group offers products from all the main classes of insurance (with the exception of credit insurance). These products, in combination with the provision of assistance and other services and individual consultancy, cover the needs of private and corporate clients. The ERGO Insurance Group's many different sales channels include not only its companies' own successful intermediary organisations and direct selling but also a wide variety of broker relationships, extensive marketing cooperations and collaboration with the UniCredit Group.

The ERGO Insurance Group manages its business on the basis of the business fields German life insurance, health insurance, German property-casualty business, direct insurance, travel insurance and international business. The ERGO Insurance Group's international health primary insurance companies, which were already managed by the Munich Health business field, were sold by the DKV Group to Munich Health Holding in the fourth quarter of the year.

In international business, the ERGO Insurance Group has been pursuing its expansionary path in the growth region of Asia. In January 2011, the ERGO Insurance Group launched a joint venture for selling life insurance products with a local partner in the Chinese province of Shandong. In Vietnam, the ERGO Insurance Group entered the market for the first time by acquiring a 25% stake in Global Insurance Company, a local property-casualty insurer. Because the primary insurance group is increasingly focusing its international business on other markets, the ERGO Insurance Group has sold its Portuguese subsidiaries VICTORIA -Seguros S.A. and VICTORIA -Seguros de Vida S.A.

Munich Health

The global health market is one of the fastest-growing sectors of the economy. This applies to both the healthcare and insurance markets. In order to maximise the opportunities involved, the Munich Re Group has combined its health reinsurance worldwide and health primary insurance outside Germany under the brand of Munich Health. It covers large stretches of the healthcare-sector value chain and has been shown as a separate segment since 2010.

To benefit from the growth dynamics of the healthcare market, a flexible response to changing market conditions is required. In 2011, Munich Health reacted to the impact of the health reform in the US market, enhancing its competitiveness in the senior segment by acquiring the Windsor Health Group with effect from 1 January 2011. Following the successful integration of Sterling Life Insurance Company, acquired in 2008, both companies now operate under the brand of the Windsor Health Group.

Asset Management

MEAG combines the investment activities of the Munich Re Group. It also offers its comprehensive know-how to external institutional investors and private clients.

The amount managed by MEAG in private-client business via investment funds totalled EUR 1.9 bn (previous year EUR 2.1 bn). Assets under management for institutional clients outside the Group rose to EUR 8.5 bn (previous year EUR 8.1 bn).

The assets managed by PICC Asset Management Company Ltd. (PAMC), Shanghai, which belongs to PICC People's Insurance Company of China (81%) and MEAG (19%) reached EUR 39.8 bn (previous year EUR 30.0 bn).

Organisational Structure

As at 31 December 2011, the Issuer directly or indirectly held interests in the major subsidiaries and associates listed in the chart below which provides a general overview and is not exhaustive. A complete list of all subsidiaries and associates is included in the annual report 2011, which is incorporated in this Prospectus by reference and thus deemed to be part of it.

Reinsurance

Munich American Reassurance Company, Atlanta, Georgia
Munich Re, Tokyo (Life Branch)
Munich Re, Toronto (Life Branch)
Munich Reinsurance Company of Australasia Limited – New Zealand Branch, Auckland
Munich Reinsurance Company of Australasia Ltd, Sydney
Munich Re, London (Life Branch)

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Bell & Clements (London) Ltd, London
Münchener Rück do Brasil Resseguradora S.A., São Paulo*
Munich Re, Madrid*
Munich Re, Milan
Munich Re, Paris
Munich Re, London (General Branch)
Great Lakes Australia Branch, Sydney
Great Lakes Reinsurance (UK) PLC New Zealand Branch, Auckland
Munich Re, Sydney
Munich Holdings of Australasia Pty. Ltd., Sydney
Munich Mauritius Reinsurance Co. Ltd., Port Louis
Munich Re, Kuala Lumpur (Retakaful Branch)
Munich Re, Beijing*
Munich Re, Hong Kong*
Munich Re, Seoul*
Munich Re, Kuala Lumpur
Munich Re, Auckland
Munich Reinsurance Company of Africa Ltd., Johannesburg
Munich Re, Singapore*
Great Lakes Reinsurance (UK) Plc., London*
Great Lakes Switzerland Branch, Zurich
Munich Re of Malta p.l.c., Floriana*
New Reinsurance Company Ltd., Zurich*
American Alternative Insurance Corporation, Wilmington, Delaware*
American Family Home Insurance Company, Jacksonville, Florida
American Modern Home Insurance Company, Amelia, Ohio
American Modern Insurance Company of Florida, Inc., Jacksonville, Florida
American Modern Insurance Group, Inc., Amelia, Ohio
American Modern Select Insurance Company, Amelia, Ohio
American Modern Surplus Lines Insurance Company, Amelia, Ohio
American Southern Home Insurance Company, Jacksonville, Florida
American Western Home Insurance Company, Oklahoma City, Oklahoma
Beaufort Underwriting Agency Ltd., London
First Marine Insurance Company, Amelia, Ohio
Global Standards, LLC, Wilmington, Delaware
Groves, John & Westrup Limited, London
HSB Engineering Insurance Limited, London
HSB Group, Inc., Hartford, Connecticut
HSB Solomon Associates LLC, Wilmington, Delaware
HSB Professional Loss Control, Inc., Tennessee
MSP Underwriting Ltd., London
Munich Re Capital Limited, London
Munich Re Holding Company (UK) Ltd., London
Munich Reinsurance America, Inc., Wilmington, Delaware*
Munich Reinsurance Company of Canada, Toronto
N.M.U. Group Limited, London
Roanoke Companies Inc., Schaumburg, Illinois
Temple Insurance Company, Toronto
The Boiler Inspection and Insurance Company of Canada, Toronto
The Hartford Steam Boiler Inspection and Insurance Company of Connecticut, Hartford, Connecticut
The Hartford Steam Boiler Inspection and Insurance Company, Hartford, Connecticut
The Princeton Excess and Surplus Lines Insurance Company, Wilmington, Delaware
The Midland Company, Cincinnati, Ohio
Watkins Syndicate Hong Kong Limited, Hong Kong
Watkins Syndicate Middle East Limited, Dubai
Watkins Syndicate Singapore Pte. Limited, Singapore

* Units that also transact business in Munich Health and are therefore allocated proportionately to reinsurance.

Primary insurance

Bank Austria Creditanstalt Versicherung AG, Vienna
ERGO Direkt Lebensversicherung AG, Fürth
ERGO Lebensversicherung AG, Hamburg
ERGO Insurance N.V., Brussels
ERGO Previdenza S.p.A., Milan
Hamburg-Mannheimer Pensionskasse AG, Hamburg
San Marino Life Impresa sammarinese di assicurazione sulla vita S.p.A., San Marino
Sopockie Towarzystwo Ubezpieczen na Zycie Ergo Hestia Spolka Akcyjna, Sopot
VICTORIA Lebensversicherung Aktiengesellschaft, Düsseldorf
ERGO Pensionskasse AG, Düsseldorf
VICTORIA-VOLKSBANKEN Versicherungsaktiengesellschaft, Vienna
Vorsorge Lebensversicherung AG, Düsseldorf
Vorsorge Luxemburg Lebensversicherung S.A., Munsbach
DKV Deutsche Krankenversicherung AG, Cologne
ERGO Direkt Krankenversicherung AG, Fürth
EUROPÄISCHE Reiseversicherung AG, Munich
Europaeiske Rejseforsikring A/S, Copenhagen
Europeiska Försäkringsaktiebolaget, Stockholm
D.A.S. Deutscher Automobil Schutz Allgemeine Rechtsschutz-Versicherungs-Aktiengesellschaft, Munich
D.A.S. Österreichische Allgemeine Rechtsschutz-Versicherungs-Aktiengesellschaft, Vienna
D.A.S. Société anonyme belge d'assurances de Protection Juridique, Brussels
DAS Legal Expenses Insurance Company Limited, Bristol
DAS Nederlandse Rechtsbijstand Verzekeringmaatschappij N.V., Amsterdam
ERGO Assicurazioni S.p.A., Milan
ERGO Daum Direct General Insurance Co. Ltd., Seoul
ERGO Direkt Versicherung AG, Fürth
ERGO SIGORTA A.S., Istanbul
ERGO Versicherung AG, Düsseldorf
MTU Moje Towarzystwo Ubezpieczeniowe S. A., Sopot
Sopockie Towarzystwo Ubezpieczen Ergo Hestia Spolka Akcyjna, Sopot
ERGO General Insurance Company S.A., Athens

Munich Health

Companies fully allocated to Munich Health:

Apollo Munich Health Insurance Co. Ltd., Hyderabad
DAMAN - National Health Insurance Company, Abu Dhabi
DKV Belgium S.A., Brussels
DKV Globality S.A, Luxembourg
DKV Luxembourg S.A, Luxembourg
DKV Seguros y Reaseguros, Sociedad Anónima Española, Saragossa
ERGO Generales Seguros y reaseguros, S.A., Madrid
ERGO Vida Seguros y Reaseguros, Sociedad Anónima Española, Saragossa
Marina Salud S.A., Alicante
MedNet Holding GmbH, Munich
Munich Health Holding AG, Munich
Munich Health North America, Inc., Wilmington, Delaware
Munich Re Stop Loss, Inc., Wilmington, Delaware
Sterling Life Insurance Company, Bellingham, Washington
Unión Médica la Fuencisla, S.A., Compañía de Seguros, Saragossa
Windsor Health Group, Inc., Brentwood, Tennessee

Companies that operate in more than one segment and are allocated proportionately to Munich Health:

American Alternative Insurance Corporation, Wilmington, Delaware
Great Lakes Reinsurance (UK) Ltd., London
Münchener Rück do Brasil Reseguradora S.A., São Paulo
Munich Reinsurance Company, Munich
Munich Re of Malta p.l.c., Floriana
Munich Reinsurance America, Inc., Wilmington, Delaware

New Reinsurance Company Ltd., Zurich

Asset management

MEAG Cash Management GmbH, Munich
MEAG Hong Kong Ltd., Hong Kong
MEAG Luxemburg S.á r.l., Luxembourg
MEAG MUNICH ERGO AssetManagement GmbH, Munich
MEAG MUNICH ERGO Kapitalanlagegesellschaft mbH, Munich
MEAG New York Corporation, New York
MEAG Property Management GmbH, Munich

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. In recent years the annual general meeting took place in April 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*) 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
Hans Peter Claußen	Deputy Chairman	Employee of D.A.S. Allgemeine Rechtsschutz-Versicherungs AG
Herbert Bach	Member	Employee of Munich Reinsurance Company
Dina Bösch	Member	Employee of ver.di-Bundesvorstand
Annika Falkengren	Member	President and CEO of Skandinaviska Enskilda Banken AB (publ)
Frank Fassin	Member	Regional District Sector Head of Financial Services ver.di Nordrhein-Westfalen
Dr. Benita Ferrero-Waldner	Member	Former Member of the European Commission
Christian Fuhrmann	Member	Head of Divisional Unit of Munich Reinsurance Company
Prof. Dr. Peter Gruss	Member	President of the Max Planck Society for the Advancement of Sciences e.V.
Prof. Dr. Henning Kagermann	Member	Management consultant and former Chairman of the Executive Board and Chief Executive Officer of SAP AG
Peter Löscher	Member	Chairman of the Board of Management of Siemens AG

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Wolfgang Mayrhuber	Member	Former Chairman of the Board of Management of Deutsche Lufthansa AG
Silvia Müller	Member	Employee of ERGO Versicherungsgruppe AG
Marco Nörenberg	Member	Employee of ERGO Versicherungsgruppe AG
Reinhard Pasch	Member	Employee of ERGO Versicherungsgruppe AG
Dr. Bernd Pischetsrieder	Member	Consultant to the Board of Management of Volkswagen AG
Anton van Rossum	Member	Member of the Board and Risk Committee of the Credit Suisse Group, former Chief Executive Officer and former member of the Board of Fortis
Andrés Ruiz Feger	Member	Employee of Munich Reinsurance Company
Richard Sommer	Member	Head of Federal Factor Group Insurances of ver.di
Dr. Ron Sommer	Member	Member of the Board of Management of JFSC Sistema, Moscow

The business address of the members of the 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*) consists of nine members. As of the date of this Prospectus the Managing Board consisted of the following members:

Name	Position within the Managing Board	Responsibilities
Dr. Nikolaus von Bomhard	Chairman	Chairman of the Board of Management; Chairman of the Group Committee; Group Development; Group Investments; Group Communications; Group Audit; Group Executive Affairs
Dr. Ludger Arnoldussen	Member	Germany, Asia Pacific and Africa; Services
Dr. Thomas Blunck	Member	Special and Financial Risks; Reinsurance Investments; Central Procurement
Georg Daschner	Member	Europe and Latin America
Dr. Torsten Jeworrek	Member	Chairman of the Reinsurance Committee; Reinsurance Development; Corporate Underwriting; Accounting, Controlling and Central Reserving for Reinsurance; Information Technology; Global Business Architecture; Geo Risks Research/Corporate Climate Centre
Dr. Peter Röder	Member	Global Clients and North America
Dr. Jörg Schneider	Member	Group Accounting; Group Controlling; Corporate Finance, M&A; Integrated Risk Management; Group Legal; Compliance; Group Taxa-

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Dr. Wolfgang Strassl	Member	tion; Investor and Rating Agency Relations Health Care; Human Resources; Labour Relations Director
Dr. Joachim Wenning	Member	Life

The business address of the members of the Managing Board is the same as its business address, Königinstrasse 107, D-80802 Munich, Germany.

Related Party Transactions

Some of the members of the Managing Board and the Supervisory 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 Board 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 of the date of this Prospectus the members of the Managing Board and the Supervisory Board have not received any cash advances or loans.

MATERIAL CONTRACTS

As of the date of this Prospectus, 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.

GOVERNMENTAL, 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 governmental, legal or arbitration proceedings that have had a material adverse effect on the financial situation or the profitability of the Munich Re Group.

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 were never paid. After plaintiffs have dropped requests for punitive damages in 2006, they now request payment of benefits from the life insurances, plus interest. A rehearing en banc took place and a larger panel of judges determined that the relevant Californian law regarding the statute of limitations, which the entire complaint is based on, is unconstitutional. Until the end of May 2012, plaintiffs may still file an appeal with the US Supreme Court. It is up to this court's discretion whether to admit the appeal or not. The plaintiffs have not yet substantiated their claim as to the amount of relief sought, but mention an amount of several million US-dollars.

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

United States Fidelity & Guaranty Company, et al., v. American Re-Insurance Company, et al. On 20 August 2010, a New York state trial court ruled against American Re-Insurance Company, n/k/a Munich Reinsurance America, Inc. on a summary judgment motion in a reinsurance dispute with The Travelers Companies, Inc. The court ordered Munich Reinsurance America, Inc. to pay \$206.4 million plus pre-judgment interest in the amount of about \$140 million. Post-judgment interest will accrue at a rate of 9% without compounding. The litigation relates to Travelers' efforts to recover from Munich Reinsurance America, Inc. and other reinsurers a significant portion of its \$987.4 million settlement in 2002 of asbestos liabilities of a former insured, Western Asbestos Company. A Notice of Appeal from the decision and order was filed in the Supreme Court of the State of New York, Appellate Division, First Department on

23 September 2010. A ruling was issued in January 2012 which upheld the decision with one judge dissenting. Since the decision centers on basic questions such as follow-the-fortunes-doctrine and bad faith, a motion for leave to appeal to the Court of Appeal has been filed. The proceedings are expected to continue throughout 2012 before a final verdict is expected. The amounts at risk in this proceeding have been taken into consideration in setting the company's loss and loss adjustment expense reserves.

Anti-trust proceedings against industrial lines insurers

In November 2009, the Spanish antitrust authority (CNC) imposed a fine on various insurers and reinsurers, including the Issuer's Spanish branch, for alleged collusion restricting competition. The fine imposed on the Issuer's Spanish branch amounts to EUR 15.9 million. An appeal against the decision of the CNC is ongoing. The competent court has not decided on the appeal yet. If the court does not decide in favour of the Issuer, damages by private parties could be asserted in addition.

TREND INFORMATION

Other than as disclosed herein, there has been no material adverse change in the prospects of the Issuer since 31 December 2011.

SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING POSITION

There has been no significant change in the financial or trading position of the Issuer since the date of the last published annual financial report (31 December 2011).

RECENT DEVELOPMENTS AND OUTLOOK

The accident involving the cruise ship Costa Concordia is likely to result in a claims burden for the Munich Re Group in the mid double-digit million euro range. Apart from costs for the vessel under hull insurance, further losses may arise due to certain liability claims from passengers, costs related to salvaging of the wreckage, and potential environmental liability claims. Therefore, it is not possible at this stage to calculate an exact amount for the potential loss from these claims.

On 2 March 2012 and the following day a major storm system passed through the Midwest of the United States and resulted in one of the worst storm damages in the area of the south of the Ohio Valley. Severe thunderstorms caused dozens of tornadoes with entire towns affected. The worst damage stretched across the Ohio Valley from Southeastern Indiana through Kentucky. According to first estimates the Munich Re Group – through its US subsidiaries – will incur a loss in a two-digit million USD amount range.

The consequences of the earthquake of 20 March 2012 in the Guerrero Province in Mexico and possible losses for the insurance industry are not yet known. Currently, the Munich Re Group does not expect significant claims payments as a result of the earthquake, but actual losses can be finally assessed only at a later stage.

The Issuer contemplates to issue on or about 29 March 2012 bonds with an aggregate principal amount of EUR 900,000,000 with essentially the same terms as the Bonds.

Other than disclosed in this Prospectus and this section, there have been no material developments in the business of the Munich Re Group since 31 December 2011.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Consolidated balance sheet data	Year ended 31 December (audited) (EUR million)	
	2011	2010
Assets		
A. Intangible assets	5,092	5,086
B. Investments		
I. Land and buildings, including buildings on third-party land	3,889	4,247
II. Investments in affiliated companies and associates	1,154	1,091
III. Loans	53,260	48,935
IV. Other securities	126,226	123,777
V. Deposits retained on assumed reinsurance	9,430	6,902
VI. Other investments	2,655	3,199
C. Investments for the benefit of life insurance policyholders who bear the investment risk	5,093	4,957
D. Ceded share of technical provisions	5,634	5,490
E. Receivables	12,094	11,068
F. Cash at bank, cheques and cash in hand	2,490	2,900
G. Deferred acquisition costs	9,342	9,093
H. Deferred tax assets	7,547	5,959
I. Other assets	3,674	3,654
Total assets	247,580	236,358
Equity and liabilities		
A. Equity	23,309	23,028
B. Subordinated liabilities	4,683	4,847
C. Gross technical provisions	181,422	171,348
D. Gross technical provisions for life insurance policies where the investment risk is borne by the policyholders	5,373	5,210
E. Other accrued liabilities	3,522	3,458
F. Liabilities	19,428	19,408
G. Deferred tax liabilities	9,843	9,059
Total equity and liabilities	247,580	236,358

Consolidated income statement data	Year ended 31 December (audited) (EUR million)	
	2011	2010
	Gross premiums written	49,572
1. Earned premiums	47,412	43,075
2. Income from technical interest	5,897	6,587
3. Net expenses for claims and benefits	41,034	36,583
4. Operating expenses	11,989	11,114
5. Technical result (1–4)	286	1,965
6. Investment result	6,756	8,642
7. Other operating income	843	807
8. Other operating expenses	808	849
9. Deduction of income from technical interests	-5,897	-6,587
10. Non-technical result (6–9)	894	2,013
11. Operating result	1,180	3,978
12. Other non-operating result	-707	-454
13. Impairment losses of goodwill	25	109
14. Finance costs	288	293
15. Taxes on income	-552	692
16. Consolidated result	712	2,430
Thereof:		
– Attributable to Munich Re equity holders	702	2,422
– Attributable to non-controlling interests	10	8
Earnings per share in EUR	3.94	13.06
Consolidated cash flow data	Year ended 31 December (audited) (EUR million)	
	2011	2010
	I. Cash flows from operating activities	6,075
II. Cash flows from investing activities	-3,525	-7,696
III. Cash flows from financing activities	-2,974	-1,384
Cash flows for the financial year (I + II + III)	-424	-244
Effect of exchange rate changes on cash	14	62
Cash at the beginning of the financial year	2,900	3,082
Cash at the end of the financial year	2,490	2,900

Part D: Description of the Issuer

Group Statement of Changes in Equity

	Equity attributable to Munich Re equity holders							Consolidated result	Non-controlling Interests	Total equity
	Issued capital	Capital reserve	Retained earnings		Other reserves					
			Retained earnings before deduction of own shares	Own shares held	Unrealised gains and losses	Reserve from currency translation	Valuation result from cash flow hedges			
All figures in EUR million										
Status at 31.12.2009	588	6,800	11,247	-580	2,717	-1,245	1	2,521	229	22,278
Allocation to retained earnings	-	-	1,449	-	-	-	-	-1,449	-	-
Consolidated result	-	-	-	-	-	-	-	2,422	8	2,430
Income and expenses recognised directly in equity	-	-	-93	-	133	635	-3	-	22	694
Currency translation	-	-	-	-	-	635	-	-	10	645
Unrealised gains and losses on investments	-	-	-	-	131	-	-	-	-1	130
Change resulting from valuation at equity	-	-	-10	-	2	-	-	-	-	-8
Change resulting from cash flow hedges	-	-	-	-	-	-	-3	-	-	-3
Actuarial gains and losses on defined benefit plans	-	-	-52	-	-	-	-	-	2	-50
Other changes	-	-	-31	-	-	-	-	-	11	-20
Total recognised income and expense	-	-	-93	-	133	635	-3	2,422	30	3,124
Change in shareholdings in subsidiaries	-	-	-20	-	-	-	-	-	-10	-30
Change in consolidated group	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-1,072	-4	-1,076
Share buy-backs	-	-	-	-1,268	-	-	-	-	-	-1,268
Retirement of own shares	-	-	-1,002	1,002	-	-	-	-	-	-
Status at 31.12.2010	588	6,800	11,581	-846	2,850	-610	-2	2,422	245	23,028
Allocation to retained earnings	-	-	1,312	-	-	-	-	-1,312	-	-
Consolidated result	-	-	-	-	-	-	-	702	10	712
Income and expenses recognised directly in equity	-	-	-135	-	753	387	6	-	2	1,013
Currency translation	-	-	-	-	-	387	-	-	3	390
Unrealised gains and losses on investments	-	-	-	-	750	-	-	-	-	750
Change resulting from valuation at equity	-	-	2	-	3	-	-	-	-	5

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Change resulting from cash flow hedges	-	-	-	-	-	-	6	-	-	6
Actuarial gains and losses on defined benefit plans	-	-	-137	-	-	-	-	-	2	-135
Other changes	-	-	-	-	-	-	-	-	-3	-3
Total recognised income and expenses			-135	-	753	387	6	702	12	1,725
Change in shareholdings in subsidiaries	-	-	-1	-	-	-	-	-	-1	-2
Change in consolidated group	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-1,110	-9	-1,119
Share buy-backs	-	-	-	-323	-	-	-	-	-	-323
Retirement of own shares	-	-	-999	999	-	-	-	-	-	-
Status at 31.12.2011	588	6,800	11,758	-170	3,603	-223	4	702	247	23,309

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 laws of 21 June 2005 implementing the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments and ratifying several agreements concluded with certain dependent or associated territories and providing for the possible application of a withholding tax (35% from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "residual entities" within the meaning of article 4.2 of the above-mentioned directive) in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section *EU Savings Directive* below) or agreements;
- (ii) the application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10 per cent. 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 applies to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. levy on interest payments made by paying agents located in a EU Member State other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive on the taxation of savings income.

The 10 per cent. withholding tax as described above or the 10 per cent. levy are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above mentioned 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

Persons (individuals and corporate entities) who are tax resident in Germany (in particular, persons having a residence, habitual abode, seat or place of management in Germany) are subject to income taxation (income tax or corporate income tax, as the case may be, plus solidarity surcharge thereon plus church tax and/or trade tax, if applicable) on their worldwide income, regardless of its source, including interest from debt of any kind (such as the Bonds) and, in general, capital gains.

1.1 Taxation if the Bonds are held as private assets (*Privatvermögen*)

In the case of German tax-resident individual investors (*unbeschränkt Steuerpflichtige*) holding the Bonds as private assets (*Privatvermögen*), the following applies:

1.1.1 Income

Payments of interest on the Bonds should qualify as taxable savings income (*Einkünfte aus Kapitalvermögen*) pursuant to section 20 para 1 no 7 German Income Tax Act (*Einkommensteuergesetz*) (*ITA*).

Capital gains/capital losses realised upon sale of the Bonds, computed as the difference between the acquisition costs and the sales proceeds reduced by expenses directly and factually related to the sale, should qualify as positive and negative savings income, respectively. Where the Bonds are acquired and/or sold in a currency other than euro, the acquisition costs will be converted into euro at the time of acquisition, the sales proceeds will be converted into euro at the time of sale and the difference will then be computed in euro. If the Bonds are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale. Losses from the sale of Bonds can only be offset against other savings income and, if there is not sufficient other positive savings income, carried forward in subsequent assessment periods.

If the Bonds are allocated to an activity of letting and leasing of property, the income from the Bonds qualifies, deviating from the above, as income from letting and leasing of property. In such a case, the taxable income is calculated as the difference between the income and income-related expenses (*Werbungskosten*).

1.1.2 Taxation of income

Savings income is taxed at a separate tax rate for savings income (*gesonderter Steuertarif für Einkünfte aus Kapitalvermögen*), which is 26.375% (including solidarity surcharge (*Solidaritätszuschlag*)) plus, if applicable, church tax. When computing the savings income, the saver's lump sum amount (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife) will be deducted. The deduction of the actual income related expenses, if any, is excluded.

The taxation of savings income shall take place mainly by way of levying withholding tax (please see 1.1.3 below). If and to the extent German withholding tax has been levied, such withholding tax shall, in principle, become definitive and replace the investor's income taxation. If no withholding tax has been levied other than by virtue of a withholding tax exemption certificate (*Freistellungsauftrag*) and in certain other cases, the investor is nevertheless obliged to file a tax return, and the savings income will then be taxed within the assessment procedure. However, the separate tax rate for savings income applies in most cases also within the assessment procedure. In certain cases, the investor may apply to be assessed on the basis of its personal tax rate if such rate is lower than the above tax rate.

1.1.3 German withholding tax (*Kapitalertragsteuer*)

With regard to savings earnings (*Kapitalerträge*), e.g. interest or capital gains, German withholding tax (*Kapitalertragsteuer*) will be levied if the Bonds are held in a custodial account which the investor maintains with a German branch of a German or non-German credit or financial services institution or with a German securities trading business or a German securities trading bank (a *German Disbursing Agent*) and such German Disbursing Agent credits or pays out the earnings.

The tax base is, in principle, equal to the taxable gross income as set out in 1.1.1 above (i.e. prior to withholding). However, in the case of capital gains, if the acquisition costs of the Bonds are not proven to the German Disbursing Agent in the form required by law (e.g. in the case of over-the-counter transactions), withholding tax is applied to 30% of the proceeds from the redemption or sale of the Bonds. When computing the tax base for withholding tax purposes, the German Disbursing Agent may deduct any negative savings income or accrued interest paid of the same calendar year or of previous calendar years.

The Issuer is, in general, not obliged to levy German withholding tax in respect of payment on the Bonds. If, however, the Bonds qualify as hybrid instruments (e. g. silent partnership, profit participating rights, *jouissance* rights (*Genussrechte*)), German withholding tax has to be imposed by the Issuer irrespective of whether the Bonds are held in a custodial account maintained with a German Disbursing Agent.

German withholding tax will be levied at a flat withholding tax rate of 26.375% (including solidarity surcharge) plus, if applicable, church tax.

Individuals who are subject to church tax may apply in writing for this tax to be withheld as a surcharge to the withholding tax. In such a case, the withholding tax rate is reduced by 25% of the church tax due on the savings income. Individuals subject to church tax but declining to apply have to include their savings income in their tax return and will then be assessed to church tax. In this case, church tax is deductible as a special expense (*Sonderausgabe*).

No German withholding tax will be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the savings income does not exceed the maximum exemption amount shown on the withholding tax exemption certificate. Currently, the maximum exemption amount is EUR 801 (EUR 1,602 in the case of jointly assessed husband and wife). Similarly, no withholding tax will be levied if the investor has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

1.2 Taxation if the Bonds are held as business assets (*Betriebsvermögen*)

In the case of German tax-resident corporations or individual investors (*unbeschränkt Steuerpflichtige*) holding the Bonds as business assets (*Betriebsvermögen*), interest payments and capital gains will be subject to corporate income tax at a rate of 15% or income tax at a rate of up to 45%, as the case may be, (in each case plus 5.5% solidarity surcharge thereon). In addition, trade tax may be levied, the rate of which depends on the municipality where the business is located. Further, in the case of individuals, church tax may be levied. Capital losses may be ring-fenced.

The provisions regarding German withholding tax (*Kapitalertragsteuer*) apply, in principle, as set out in section 1.1.3) above. However, investors holding the Bonds as business assets cannot file a withholding tax exemption certificate with the German Disbursing Agent. Instead, no withholding tax will be levied on capital gains from the redemption, sale or assignment of the Bonds if, for example, (a) the Bonds are held by a company satisfying the requirements of section 43 para 2 sentence 3 no 1 ITA or (b) the proceeds from the Bonds qualify as income of a domestic business and the investor notifies this to the German Disbursing Agent by use of the officially required form.

Any withholding tax levied is credited as prepayment against the German (corporate) income tax amount. If the tax withheld exceeds the respective (corporate) income tax amount, the difference will be refunded within the tax assessment procedure.

2. Non-residents

Persons who are not tax resident in Germany are not subject to tax with regard to income from the Bonds unless (i) the Bonds are held as business assets (*Betriebsvermögen*) of a German permanent establishment (including a permanent representative) which is maintained by the investor or (ii) the income from the Bonds qualifies for other reasons as taxable German source income. If a non-resident person is subject to tax with its income from the Bonds, in principle, similar rules apply as set out above with regard to German tax resident persons (please see 1 above).

If the income is subject to German tax as set out in the preceding paragraph, German withholding tax will be applied like in the case of a German tax resident person.

3. Taxation should the Bonds be qualified as equity or equity-like instruments

Should the Bonds be qualified as equity or equity-like instruments from a German tax perspective, in addition to the rules set out above, income and deemed income may be subject to income taxation, trade tax and, even if interest on the Bonds is not paid out by a German Disbursing Agent, to withholding tax.

Further, capital gains achieved by an investor holding the Bonds as private assets might be re-qualified as business income and, thus, taxable at the investor's individual income tax rate. Capital gains and dividend income might also be partly tax-exempt according to section 8b German Corporate Income Tax Act (*Körperschaftsteuergesetz*) and section 3 no 40 ITA respectively.

4. Inheritance and Gift Tax

Inheritance or gift taxes with respect to any Bond will, in principle, arise under German law if, in the case of inheritance tax, either the decedent or the beneficiary or, in the case of gift tax, either the donor or the donee is a resident of Germany or if such Bond is attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed. In addition, certain German expatriates will be subject to inheritance and gift tax.

5. Other Taxes

No stamp, issue, registration or similar taxes or duties are payable in Germany in connection with the issuance, delivery or execution of the Bonds. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the *EU Savings Directive*), each EU Member State is required to provide to the tax authorities of another EU Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other EU Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Belgian State elected to abandon the transitional withholding system and provide information in accordance with the EU Savings Directive as from 1 January 2010.

A number of non-EU countries and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a EU Member State. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a EU Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

PART F: SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 22 March 2012 (the Subscription Agreement) among the Issuer and Barclays Bank PLC, HSBC Bank PLC and Merrill Lynch International (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 29 March 2012 at a price of 99.797 per cent. of their Aggregate Principal Amount (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 £ 448,000,000.

The Bonds will be delivered against payment of the Issue Price on 29 March 2012, with admission to trading on the Regulated Market of the Luxembourg Stock Exchange also on such day or as soon as possible thereafter.

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.

Other Relationships

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer or its affiliates routinely hedge their credit exposure to the Issuer or its affiliates consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or its affiliates, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

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

PART F: Subscription and Sale

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;
- (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);
- (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); and
- (v) it shall obtain for the benefit of the Issuer the representations and agreements contained in clauses (i), (ii), (iii) and (iv) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in U.S. Treasury Regulations section § 1.163-5(c)(2)(i)(D)(4), for the offer or sale of Bonds during the restricted period.

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 (*Restrictions on financial promotion*) 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, warranted 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 which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than the offers contemplated in the Prospectus in Luxembourg from the time the

PART F: Subscription and Sale

Prospectus has been approved by the competent authority in Luxembourg and published in Luxembourg in accordance with the Prospectus Directive as implemented in Luxembourg until 22 March 2012, and provided that the Issuer has consented in writing to use of the Prospectus for any such offers, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- (a) *Qualified investors*: to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) *Other exempt offer*: in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Bonds shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an *offer of Bonds to the public* in relation to any 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 Member State by any measure implementing the Prospectus Directive in that Member State and the expression *Prospectus Directive* means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression *2010 PD Amending Directive* means Directive 2010/73/EU.

General

Each Manager has agreed that it will to the best of its knowledge and belief 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 list the Bonds on the official list of the Luxembourg Stock Exchange and to trade the bonds on the Regulated Market of the Luxembourg Stock Exchange.
2. The creation and issue of the Bonds has been authorised by a resolution of the Managing Board (*Vorstand*) on 12 March and thereby has obtained all necessary consents, approvals and authorisations in connection with the issue of the Bonds.
3. The total amount of expenses related to the admission to trading is expected to be EUR 8,000.
4. The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code is 076427828, the ISIN is XS0764278288 and the German Securities Code (WKN) is A1ML15.
5. The permanent global bearer bond representing the 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.
6. The consolidated financial statements of the Issuer have been audited for the years ended 31 December 2011 and 31 December 2010 by KPMG Bayerische Treuhandgesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (KPMG), independent public accountants of the Issuer, and unqualified opinions have been reported thereon.
7. The Issuer discloses interim summary, unaudited consolidated financial statements on a quarterly basis.
8. The Bonds are expected to be rated A by Fitch Deutschland GmbH (*Fitch*) and A by Standard & Poor's Credit Market Services Europe Limited (*Standard & Poor's*), upon issuance.

Fitch and Standard & Poor's are established in the European Union and are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. A list of European Securities and Markets Authority (ESMA) registered and certified credit agencies can be found under <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

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 2011 and 31 December 2010, including Notes to the Consolidated Financial Statements, as well as the respective Independent Auditors' Reports to both Consolidated Financial Statements.

Audited Consolidated Financial Statements as of 31 December 2011	Annual Report 2011 page reference
— Consolidated Balance Sheet	p. 154 to 155
— Consolidated Income Statement	p. 156
— Group Statement of Changes in Equity	p. 158 to 159
— Consolidated Cash Flow Statement	p. 160
— Notes to the Consolidated Financial Statements	p. 161 to 287
— Auditors' Report	p. 288
Audited Consolidated Financial Statements as of 31 December 2010	Annual Report 2010 page reference
— Consolidated Balance Sheet	p. 150 to 151
— Consolidated Income Statement	p. 152
— Group Statement of Changes in Equity	p. 154 to 155
— Consolidated Cash Flow Statement	p. 156
— Notes to the Consolidated Financial Statements	p. 157 to 279
— Auditors' Report	p. 280

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 are 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 Principal 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.

The Issuer will, at the offices of the Principal 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 Principal Paying Agent (please refer to page 89 for the office address of the Principal Paying Agent).

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

REGISTERED OFFICES OF

**Münchener Rückversiche-
rungs-Gesellschaft
Aktiengesellschaft in München**
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Merrill Lynch International
2 King Edward Street
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United Kingdom

AUDITORS

of the Issuer

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Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft**
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