

**Impact of reserve strengthening at American Re
on the consolidated result in the second quarter 2005**

Expenses for strengthening reserves for American Re for own account as per US GAAP before and after tax	US\$ 1,426m
+ Munich Reinsurance Company's share of retrocessions	<u>US\$ 203m</u>
= Subtotal for American Re and Munich Reinsurance Company	US\$ 1,629m
Or in balance sheet currency (exchange rate: €1 = US\$ 1.25887)	€1,294m
– Already covered by IBNR reserves at Group level	<u>€906m</u>
= Net Group expenses <u>before</u> tax	€388m

In view of the tax loss carry-forwards already existing for American Re, the burdens of €1,294m for the Group will not result in any additional tax savings for the time being. Therefore, for reasons of prudence, no tax relief for this amount has been recognised at the level of either American Re or the Group. Conversely, a deferred tax burden has to be recognised at Group level for the release of the IBNR reserves, producing the following impact on the result after tax (slightly simplified):

+ Tax burden from the release of the IBNR reserves 40% of €906m	<u>€362m</u>
= Net Group expenses <u>after</u> tax	€750m