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Press release

Munich Re insures performance guarantees of PV manufacturer Yingli

Contact

Media Relations Munich,
Gerd Henghuber
Tel.: +49 (89) 3891-9896
Fax: +49 (89) 3891-79896
ghenghuber@munichre.com

Münchener Rückversicherungs-Gesellschaft

Aktiengesellschaft in München
Media Relations
Königinstraße 107
80802 München
Germany
Letters: 80791 München

www.munichre.com
<http://twitter.com/munichre>

Munich Re is reinsuring performance guarantees that Chinese photovoltaic manufacturer Yingli Green Energy gives to its customers for multi-crystalline modules. The advantage for the manufacturer is that the cover by Munich Re enables it to manage the long-term, technical guarantee risk on its balance sheet.

The insurance solution covers the long-term technology performance risk of Yingli's photovoltaic modules under an agreement with Yingli Green Energy's Cayman Islands-based holding company. In the event of an unexpectedly large performance loss below guaranteed performance specification, Munich Re indemnifies Yingli for its performance warranty obligations. Yingli grants customers worldwide a performance guarantee of up to 25 years. The agreement covers Yingli against the risk of its multi-crystalline modules failing to achieve, during the first ten years, a power output of at least 91.2%, and in the following fifteen years a power output of no less than 80.7% of the nominal power output specified on the module's original product label.

Besides this, Munich Re offers customers of Yingli the complementing Option Cover insurance. This innovative solution covers the risk borne by operators that solar module output falls below the guaranteed level, but the manufacturer can no longer be held liable under its warranties due to insolvency. Without such insurance, banks may provide necessary funding at less favourable terms. Thus, the performance guarantee cover together with the Option Cover constitutes a major milestone in the implementation of photovoltaic projects, offering critical financial protection. Prior to the agreement being signed, Munich Re had conducted an in-depth review of Yingli's product quality control and manufacturing processes. In implementing this insurance solution, Munich Re has involved one of its specialty primary insurers.

"Our state-of-the-art manufacturing lines and choice of suppliers have conveyed trust and reliability to banks, investors and rating agencies. Our partnership with Munich Re serves as another powerful edge for differentiation in a competitive market environment", commented Mr. Liansheng Miao, Chairman and Chief Executive Officer of Yingli Green Energy.

Thomas Blunck, member of Munich Re's Board of Management, said: "We are delighted to have concluded this contract to support Yingli in their forward-

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looking global growth plan. With our expertise, we can assume very special renewable energy risks and help provide greater investment security. We see considerable growth potential in risk transfer solutions for renewable energy."

Note for the editorial staff:
For further questions please contact

Media Relations Munich, Gerd Henghuber
Tel.: +49 (89) 3891-9896

Media Relations Asia, Nikola Kemper
Tel.: +852 2536 6936

Media Relations USA, Beate Monastiridis-Dörr
Tel.: +1 (609) 243-4622

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