Annual General Meeting 2008
Report of the Chairman of the Board of Management

Dr. Nikolaus von Bomhard
17 April 2008

Münchener Rück
Munich Re Group

Munich Reinsurance Company
Annual General Meeting of Shareholders on 17 April 2008
Report of the Chairman of the Board of Management
Dr. Nikolaus von Bomhard

Slide 1 (Annual General Meeting 2008)

Ladies and gentlemen,

I too would like to wish all of you present here or watching the transmission a good morning and, on behalf of the Board of Management, welcome you to the Annual General Meeting of your Munich Re.

“The joy of winning”: That is the motto of our annual report this year. It is intended to express that, in those areas which are important to us in our business, we aim to be the very best and are not satisfied with second-rate solutions. Where we have not yet achieved the best mark, we are ambitious and determined to close the gap. Where we already lead the field, we want to at least maintain this position and, as far as possible, extend our lead.

Since March 2007, we have moved up a gear in what we aptly call our Changing Gear programme. The fact that we have chosen an English name for this is not a superficial concession to fashion. More than 13,000 of our staff work abroad; only a few of these are native speakers of German. But they are all embracing Changing Gear. We want to “accelerate” Munich Re, to make it fit for the future, and thus to realise our high ambitions for profit and growth. After just one year, I can report that Changing Gear has been very good for our joy of winning and our appetite for success.

Slide 2 (2007: Another very good set of figures)

We have now recorded our fourth record profit in succession. That is certainly a cause for joy. And this achievement will naturally give us additional momentum. For the profits of recent years clearly illustrate that we are on the right track. Or, as I like to say, nothing is more convincing than a profit. And this profit, ladies and gentlemen, is something from which you as shareholders benefit through dividends and share buy-backs. I find it especially gratifying that the Munich Re Group's performance over the last few years is now being positively reflected in our share price. Since the announcement of the Changing Gear programme around a year ago, the price of Munich Re shares has not only performed very positively compared with the relevant indices for insurance stocks and the share prices of our direct competitors. We have also outperformed the DAX in this period. Unfortunately, the continuing property crisis in the USA means that the conditions on the stock markets are still curbing significant upward movement. But at least relatively speaking we can be much more satisfied with our share price performance than in the previous years.

We are looking ahead full of energy and optimism. Therefore, in my review of the financial year 2007, I would like to restrict myself to commenting on the main developments, even though the figures were so good that it would be nice to dwell on them longer.

Slide 3 (Forecast more than confirmed)

As late as last August, we increased our profit guidance for the 2007 consolidated result from €3.5bn to €3.8bn. With our new record profit of €3.9bn, we succeeded in even surpassing this increased guidance. The same applies to RORAC, our return on risk-adjusted capital. Instead of the long-term target of 15%, we achieved 20.2%. Earnings per share rose to €17.90, putting us well above the average yearly growth rate of 10% we had set ourselves in the context of Changing Gear.

As in the previous year, our result also benefited from one-off tax effects resulting from changes in German fiscal legislation. At just below €400m, these one-off impacts were about the same as in 2006, so that they have practically no significant distorting effect in a year-on-year comparison.

Our investments also had a positive influence on the size of the profit. Compared with the previous year, the investment result grew by 3.3% to €9.3bn. Thanks partly to gains on the sale of real estate, we easily surpassed our 4.5% ROI target with a return of 5.2%.

On the other hand, as far as losses from natural catastrophes were concerned, 2007 saw a return to the level we can expect in the long term average. You will recall that in 2006 we only sustained very low losses from natural catastrophes. The return to normal means that the operating result fell by €400m compared with the exceptional year 2006; but at over €5bn it is still at a very good level.

Therefore, I would say top marks for our Group result, which is the sum of the very good results we recorded in both primary insurance and reinsurance.

Slide 4 (Primary insurance: Contributes profit)

The primary insurers contributed nearly €1bn to the Munich Re Group's result, thus exceeding the profit guidance we had increased last summer by more than 9%. The lion's share of the profit came from the ERGO Insurance Group, which earns around 95% of the premium income in our primary insurance group. Here, too, the result also benefited from one-off tax effects, albeit to a smaller extent than in the previous year. Costs for natural catastrophe losses were markedly higher than in 2006, mainly due to the devastation caused by Windstorm Kyrill. At 93.4%, the combined ratio of our primary insurers' property-casualty business nevertheless remained at an excellent level.

In the ERGO Group, foreign business grew by just over 15% to almost €4bn, its share of ERGO's total premium rising from 20% to 22%. This is the result of our strategy of expanding ERGO's operations in selected growth markets of Europe and Asia, thus developing ERGO into a recognised – and very profitable! – international insurance group. We made good progress here in 2007. In this area, we are often able to build on the long-standing and close partnerships we have established as a reinsurer with local insurers in many of the world's markets. These partnerships now also assist ERGO's market entry when it comes to cooperation agreements, for instance. As you can see from this example, ladies and gentlemen, the much-cited "leverage of synergies" is actually taking place and can be directly translated into growth.

Slide 5 (Reinsurance: Outstanding result)

In the business field of reinsurance, we were able to increase our profit by no less than 23% to €3.3bn. The years 2006 and 2007 included different, countervailing one-off tax effects. Nevertheless, the result reflects our underwriting quality, which is showing its resilience even in a downward phase of the market cycle. In property-casualty reinsurance, our combined ratio of 96.4% was still within our target of 97%, despite Kyrill. We were also very successful in life and health reinsurance, which contributed €725m to the reinsurance result and increased their profit by nearly 30%. European Embedded Value, which we use as a measure for managing our life business, rose by 11.7% to €6.7bn.

Our reinsurance premium income decreased from €22.2bn to €21.5bn. This was mainly due to currency developments, i.e. the strong euro or weak dollar. Adjusted to eliminate the effects of changes in exchange rates, premium income grew by 1.5%.

As in the previous years, I wish to make it clear at this point that we constantly give precedence to profit over growth. This applies particularly in reinsurance, and there especially in a phase of the market cycle in which – as we are currently witnessing – reinsurance prices are tending to erode. In reinsurance business, there are phases of the cycle where you can grow significantly and others in which you must refrain from doing so. At present, we consider the latter to be the case. We are not lowering our quality standards for the business we write, but are maintaining our underwriting discipline. We do not give any of our underwriters premium targets; the yardstick is profitability. That is the basis for the high quality and solidity of the cover we provide to our reinsurance clients – our cedants – on a lasting basis. It is what makes us successful even in weaker market phases, as illustrated by the outcome of the annual renewals of our reinsurance treaties. But I will not deny that enforcing our standards requires substantial effort from us the longer the so-called "soft market phase" prevails. However, we will in no way depart from our line of “profit before growth”. We must therefore brace ourselves for the possibility that this resolute approach will cost us premium volume and that the market situation will also have a radiating effect on our underwriting results.

Slide 6 (Outlook for 2008: Munich Re Group)

Ladies and gentlemen, what are our expectations for the current financial year 2008, how do we assess our performance to date, and what are our objectives? It would be unrealistic to expect a repeat of the exceptionally high profit of the previous year. We cannot expect any one-off tax effects – that means nearly €400m less. We also expect our net profits from our investments to be €400m lower, for in the current capital market environment we will be highly satisfied if we achieve our ROI target of 4.5%. We are nonetheless adhering to our most important target in 2008: we again aim to achieve a RORAC of at least 15% in the current year, equivalent to a consolidated net profit at Group level of €3.0bn to €3.4bn. According to our expectations, this profit is to be made up of a contribution from reinsurance of between €2.7bn and €2.9bn and a contribution from primary insurance of between €600m and €800m (figures before consolidation).

Slide 7 (Outlook for 2008: Primary insurance)

In primary insurance, we expect the development of our premium income to show a positive overall trend, whilst varying from segment to segment. For life insurance, we aim to achieve appreciable growth particularly abroad and expect new business in Germany to pick up as well. The realignment of ERGO in the market for private provision, with the focus on company pensions, will be an important component in this respect.

In property-casualty insurance, we envisage strong premium contributions mainly from our foreign business which, as already mentioned, accounts for an increasingly large share of our primary insurance operations. We will continue to step up our activities in the growth regions of eastern Europe and in selected Asian markets.

In the health segment, we expect growth in Germany to again be above the market average and to exceed the premium growth of recent years. This applies primarily to supplementary health insurance; in German comprehensive health insurance, we cannot rule out a slight decrease in new business, owing to the health reform. Here it also remains to be seen how the complaint of unconstitutionality filed against the health reform by our health insurers, among others, will progress. I do not want to repeat my criticism of the reform here; it remains unchanged.

A very important project currently being undertaken by ERGO is the bundling of all the broker sales forces of its individual companies by mid-2008. This will result in one of the largest broker sales organisations in Germany, with around 16,000 broker connections covering nearly the whole product range. That will enable us not only to exploit the market potential better, to improve growth and utilise cross-selling opportunities, but also to realise substantial cost synergies through the harmonisation of processes and systems.

Slide 8 (Outlook for 2008: Reinsurance)

In reinsurance, we had to cope with a difficult market environment for the renewals of our reinsurance treaties at 1 January 2008, which involved around two-thirds of our treaty business in non-life reinsurance with a premium volume of around €8.5bn. The development of prices varied considerably, depending on the class of business and region concerned. Average price erosion for the treaties we renewed amounted to 2.8%. We gave up business where we were not able to achieve our requirements with regard to prices, terms and conditions. Altogether, this resulted in a 4% in premium. On the other hand, we succeeded in acquiring new business with a volume of about €750m, both in traditional reinsurance and in business close to primary insurance. All in all, we can live very well with the outcome of the renewals, having essentially managed to maintain our profitability standards.

The outcome of the treaty renewals in Japan, Korea and India at 1 April 2008 is looking good. Although the cycle-related effects can be clearly felt in these markets, they differ greatly in intensity between countries and market segments. We have taken advantage of these differing currents to secure a good portfolio with our strictly profit-focused underwriting.

Slide 9 (Reinsurance: Strategic initiatives)

Changing Gear is being vigorously pursued in reinsurance. The strategic initiatives are making good progress. Cycle management is being applied with great discipline, as previously described. Improvements in risk modelling and active portfolio management in our corporate underwriting are moving forward, as is the further refinement of our integrated risk management. In these areas, we want to and must be among the best – and that is exactly how we are measured in competition with others. We are making our marketing and sales even more client-centric. Through a number of initiatives we are promoting profitable growth from within our core business and, parallel to this, are expanding activities related to alternative business models. We are also swiftly realising measures to further improve our corporate structure, to speed up our internal operations and to firmly establish our change in culture. In doing so, we are aligning our reinsurance operations permanently to Changing Gear, and not only in Munich.

Slide 10 (Outlook for 2008: International Health)

In International Health – our third field of business – the task now is to create a blueprint for the future structure and sequence organisation. Independent of this, business initiatives are being further pursued. These include the integration of the companies we have acquired in the USA, i.e. Sterling Life Insurance Company (which I will come back to) and Cairnstone. The initiatives also include the expansion of our existing operations through organic growth, and the launching or continuation of “greenfield activities” in various countries. In the foreign markets covered by International Health, we expect overall double-digit growth in premium and results.

Slide 11 (Investments: Only slight subprime exposure)

An unknown factor in the equation for 2008 continues to be the development of the US property crisis, the liquidity and confidence crisis it has triggered on the financial markets, and the extent to which this will affect the course of the economy. In 2007, we lost €166m through write-downs and losses on disposal of subprime US mortgage loans. We quoted this figure at an early stage and did not have to revise it. €166m is admittedly a great deal of money, but the amount represents less than 0.1% of our total investment volume and is thus bearable. That also applies to the overall exposure of €340m remaining for us at the turn of the year. Compared with the billion-dollar amounts lost by other companies, it is of an acceptable magnitude.

Even before the crisis, we had a healthy scepticism towards structured and extremely complex financial products that would set off loss avalanches if the assumptions underlying the modelling proved wrong. We would have liked to include more credit risks in our investment portfolio, but not with the low risk spreads paid on the markets up to 2007. We therefore deliberately held back. In the meantime, the situation has undergone a fundamental change; the risk spreads are very high in some cases. We have therefore decided to systematically expand our credit risks in order to earn extra returns. We will proceed very prudently and selectively, as the situation on the capital markets is still nervous and tense. We will not acquire any products that are not transparent. Given that setbacks cannot be ruled out, we have reduced and partially hedged our equities portfolio. Nonetheless, we naturally remain exposed to price falls on the international stock markets, and also to an extension of the credit crisis considerably beyond the so-called “subprime” area. That is unavoidable for any investor who does not wish to completely pass up the opportunities offered by the markets.

Slide 12 (Insurance Linked Securities)

Another question is how far the subprime crisis will affect the risk securitisation market as a whole and influence the future of this market segment. It would certainly be completely wrong to put securitisations of insurance risks in the same basket as the subprime issue. Risk transfer to the capital markets remains a meaningful supplement to traditional insurance and reinsurance cover. The crucial thing is that it is done carefully and that those involved maintain an understanding of what risks are actually involved and need to be evaluated. Classic reinsurance is supplemented by securitisations but not supplanted by them, because in many cases it makes more economic sense than the securitisations, which are still relatively expensive. Capital market solutions are nevertheless sure to increase in the coming years. Munich Re is well prepared for this with its know-how and organisational set-up. We can and will utilise opportunities that make sense in this area, in order to offer our clients additional products and to restructure and transfer our own risks. We now have a respectable track record and fund of experience. Only a month ago, we again showed our expertise in this area when transferring the new Queen Street programme for European windstorm risks to the capital markets.

Ladies and gentlemen, with the preceding remarks on the topic of securitisation, I have moved on from my outlook for 2008 to address a detailed aspect of our strategy for realising our profit and growth objectives.

Slide 13 (Successful business model)

As far as our Group strategy is concerned, I can but repeat what I said to you a year ago and have reaffirmed on various occasions in the meantime: Changing Gear is not a change in strategy. On the contrary, with Changing Gear we want to continue, refine and drive forward the Munich Re Group strategy we have developed in recent years and are already realising with great success.

With Changing Gear, we are supporting and strengthening the Munich Re Group's integrated business model of primary insurance, reinsurance and international health business. The Munich Re Group is not a loose conglomerate of companies without any internal connection. Rather, the Group's composition is a conscious choice. It follows a strategic concept geared to sustained profit, to profitable growth and thus to increasing corporate value. This concept has already proved its benefit to you as shareholders. No element can be extracted from the Munich Re Group without jeopardising the concept's overall success. The sale of ERGO, for example, which is a core part of the strategy, is thus out of the question. Possibly such a sale would generate a one-off, "flash-in-the-pan" book profit, but in the long term it would destroy value because the Group would be deprived of significant development opportunities. And what we are interested in is long-term value creation.

I do not want to repeat here in detail all the reasons which, in my view, speak in favour of conducting primary insurance and reinsurance "under one roof". Therefore, I will just outline the main aspects in a few words:

- There is only one single risk market; the separation between primary insurance and reinsurance is becoming increasingly artificial.
- Only with a presence in both primary insurance and reinsurance can we cover the whole of the insurance industry's value chain.
- Growth in the insurance industry is comparatively strong and will continue to exceed growth in the global economy as a whole.
- Within the insurance industry, growth is expected to be higher in primary insurance, whilst reinsurance offers the greater earnings opportunities, given skilful cycle management.
- With primary insurance and reinsurance "under one roof", we can detach ourselves better from the volatility of the reinsurance market cycles and stabilise our profits.

- Through the business field of International Health, which builds on primary insurance and reinsurance, we tap into markets that supplement and round off our insurance business.
- In addition, we leverage value and cost synergies: value synergies mainly by combining our market know-how in the Group (whilst maintaining strict Chinese Walls with regard to client relationships) and cost synergies through uniform steering instruments, for example, or in asset management.
- And lastly, we save a substantial amount of risk capital through risk diversification in the Group – a sum of no less than €2bn.

I would claim that we in the Munich Re Group recognised the advantages of the integrated business model at an earlier stage than many of our competitors and have realised the model more consistently and (when I think of tapping into the healthcare market) with a more far-reaching approach. A closer look at the market reveals that other large insurance groups are combining primary insurance and reinsurance to a greater extent than before. This shows how much sense our model makes.

Slide 14 (M&A activities)

Our acquisition strategy follows seamlessly from this integrated approach. Because we think "out of the box" here, we deliberately and systematically combine things which for outsiders do not always appear to belong together at first sight. On the other hand, we avoid acquisitions which superficially appear obvious. Thus in the field of reinsurance, barring any exceptional circumstances, we still have no intention of acquiring a major reinsurer. There are various reasons for this:

- We would not achieve any strategic added value, since it would not enable us to develop a new area of operations or, what is even more important, to tap new client potential.
- We would even have to reckon with considerable "friction losses". This was confirmed recently by the major merger between two of our competitors. The ranking of "the world's largest reinsurer in terms of premium income", temporarily achieved arithmetically through the merger a few years ago, proved to be of only very short duration. The old familiar order has long since been restored, with Munich Re ranking first in terms of both gross and net premium, despite the fact that – for the reasons just given – we have certainly not geared our underwriting to premium growth. As we see it, places in premium rankings are absolutely immaterial in any case. We take other criteria as a basis, above all quality and profitability.
- In recent years, we have worked hard at improving the quality of our reinsurance portfolio with a view to achieving our sustained profitability targets. We do not want to

put this at risk by acquiring reinsurance portfolios that would not satisfy our quality standards, i.e. our selective underwriting criteria.

In line with Changing Gear, our acquisition strategy reflects the approach that I referred to as “intelligent growth” last year. Let me explain this again with an example from reinsurance. Here we are pursuing two thrusts for developing business, both of which are based on our core competence of risk expertise in underwriting business. Firstly, there is product development, with which we intend to generate and cover new demand. Secondly, there is the tapping of new sales channels to access client segments that were previously closed to us in traditional reinsurance, even though our risk expertise could create value here as well. This second thrust has led directly to some of the acquisitions that we have made in the recent past. Two examples are the US primary insurer The Midland Company, whose acquisition we successfully concluded on 3 April 2008, and the Bell & Clements Group, which we acquired in spring 2007.

Bell & Clements is an underwriting manager or managing general agent (MGA for short) which operates primarily in the USA and the UK. The firm’s main business is underwriting and managing profitable property insurance, with the focus on small commercial risks.

Slide 15 (Integration of Midland)

Midland is the leading provider of US specialty insurance in such niche segments as motorcycle, motorhome or manufactured housing insurance. The business is highly profitable. Both cases involve business to which we would normally have no access as reinsurers, but which we can use very well to balance our portfolio and which fits in perfectly with the strategic realignment of our US business that we adopted at the end of last year. This focuses on introducing an organisation geared to client groups, expanding broker business, and achieving the leading position in profitable niche segments in primary insurance. Through the acquisition of companies like Midland, we intend to supplement our risk knowledge with successful distribution, i.e. to generate growth by intelligently combining our underwriting expertise as a reinsurer – in the USA that means Munich Re America – with the sales competence of a primary insurer. That is what we call “primary insurance out of reinsurance”, an expression that has sometimes been misunderstood, and that is also the reason why, for instance, we allocate Midland to the business field of reinsurance rather than primary insurance.

Slide 16 (Integration of Sterling Life)

Acquisitions will also continue to play an important part in our strategy for profitable growth in the business field of International Health, where we concluded a purchase agreement on 1 April that will significantly improve our position in the US health market. I am referring to the acquisition of Sterling Life Insurance Company, which despite its name is a health insurer. Sterling is one of the leading providers of health insurance benefits for seniors in the US market. Given demographic change, this is the strongest growing segment in the American health market, closely linked to the state Medicare programme. I am very satisfied that through this acquisition we can considerably strengthen our competence as a global provider in healthcare management.

Whether in primary insurance, reinsurance, or International Health: we will stick to our line in all acquisition steps and will, above all, make sure that the cost-benefit relationship is such that our profitability requirements are met.

Ladies and gentlemen, there is so much more that would be interesting to report on. I would have liked to give you further examples of how the strategy with which we are pursuing our objectives is intended to – and will – create sustained value; it is medium- to long-term in orientation. With a glance at the clock, however, I must content myself with drawing your attention to our regular publications on the internet for current reports on developments relating to Munich Re. These include not only our press releases but also, for example, all the presentations we use for our meetings with investors. Our aim is to inform you actively. We want you to be able to follow und understand our strategies and motivations for the measures with which we are changing gear. I am firmly convinced that with our eponymous programme we have chosen the right time to move up a gear, from the basis of solid results.

Slide 17 (Comments on the agenda)

This brings me to the items on the agenda on which you will vote today. We sent the agenda to you with the invitation. You will also find a copy among the documents you were given at the entrance to the meeting.

First, **agenda item 2**, "Appropriation of the balance sheet profit from the business year 2007": we are adhering to our flexible dividend policy, which reflects the result of the respective financial year and takes into account our capital requirements. Given another outstanding result in 2007, the Board of Management and Supervisory Board propose payment of an increased dividend of €5.50 per share, €1 more than last year. Altogether, ladies and gentlemen, we will thus distribute a record amount of €1.124bn to you. This puts our shares among the strongest in the DAX in terms of dividend yield.

I have no comments to make on **items 3 and 4** of the agenda, "Approval of the actions of the Board of Management and the Supervisory Board".

Agenda items 5 and 6 concern the authorisation to buy back and use own shares, also employing derivatives. The validity of such authorisations continues to be limited by law to 18 months. The authorisation granted at the last AGM expires in October and we would therefore ask you to renew it today.

On the basis of the existing authorisation, we repurchased a total of 15,135,611 shares in our 2007/2008 share buy-back programme, representing 6.83% of the share capital at the time the authorisation was granted. Of these, 366,666 shares were acquired using put options. The average price of the repurchased shares was €131.96. This means that since November 2006, we have returned a total of €3bn to shareholders through share buy-backs. Further shares with a volume of no less than €3bn are to be repurchased by 2010, at least €1bn of these by the 2009 Annual General Meeting. The repurchased shares have meanwhile been retired, again without reducing the total amount of our share capital. The proportion of the share capital represented by each of the other shares has consequently increased.

Outside the share buy-back programme, companies of the Munich Re Group have acquired a further 192,215 shares, or 0.09% of the share capital at the time of the last AGM. 14,340 shares have been issued to staff under employee share programmes. But the majority of these shares – like those acquired in previous years – serve solely to safeguard stock appreciation rights granted to management. Since the 2007 AGM, we have parted with a total of 252,343 shares through the aforementioned employee share programmes and through sales via the stock exchange.

1,984,093 own shares are currently in the possession of the Munich Re Group, representing 0.96% of the current share capital. You can read more about the share buy-backs on pages 207 and 208 of our annual report, which again also contains an explanatory report on Munich Re shares and your related rights.

The content of the new authorisation we are proposing largely corresponds to that of the authorisation you granted last year. More details can be obtained from the agenda. Under the current authorisation, we have already successfully employed derivatives to buy back shares. As before, the Board of Management intends to avail itself of the possibility of using derivatives only as a supplement to conventional share buy-backs; we are again proposing to limit the scope of this authorisation to 5% of the share capital. This corresponds to what is now customary in the market. We do not intend to employ derivatives for trading in own shares, and will only make use of them if they are advantageous for structuring a share buy-back.

Under **agenda item 7**, as already mentioned by Dr. Schinzler, we have tabled a change to the structure of the Supervisory Board's remuneration. Current circumstances and the rules of the German Corporate Governance Code have given us cause to propose a rewording of Article 15 of the Articles of Association, which was last amended in 2005.

Item 5.4.7 paragraph 2 sentence 2 of the German Corporate Governance Code recommends a result-related remuneration component geared to long-term corporate performance for members of the Supervisory Board. We want to take account of this in paragraph 2 b of the proposed change. Once the new arrangement is adopted, Munich Re will comply with all the recommendations of the Code.

In its current version of last June, the Code also stipulates the establishment of a nomination committee. As this committee will, by nature, meet less often than the other committees, we propose that in deviation from the rule for the other committees, the attendance fee be limited to €2,000.

In the case of the variable short-term remuneration, the current rules of the Articles of Association provide for an earnings per share corridor of €5–12 . In 2005, this corridor was almost exhausted, and it was fully exhausted in 2006 and 2007. That means its incentive function no longer works as planned. Our proposal therefore envisages fixing the base amount for result-related annual remuneration at earnings per share of €12 (hitherto €4) and increasing the maximum amount of remuneration to €40,000 (hitherto €36,000), while lowering the unit amounts to €4,000 (hitherto €4,500). This change results in a reduction of the variable short-term remuneration and – even taking into account the proposed increase in the fixed annual remuneration from €45,000 to €50,000 – also a reduction in the overall remuneration of an ordinary member of the Supervisory Board. The current maximum remuneration amount will not be reached in future until earnings per share total €20.

As regards the increase in remuneration for the Chairman of the Supervisory Board and the additional amounts for membership of committees, Munich Re is following the example of a whole series of other DAX 30 companies in order to take greater account of the substantial volume of work and special professional knowledge required.

All in all, we are thus proposing a balanced and forward-looking remuneration arrangement to shareholders, which particularly in its variable components is aligned with the objectives of our Changing Gear programme for profitable growth.

I would ask you to vote in favour of the motions for these agenda items.

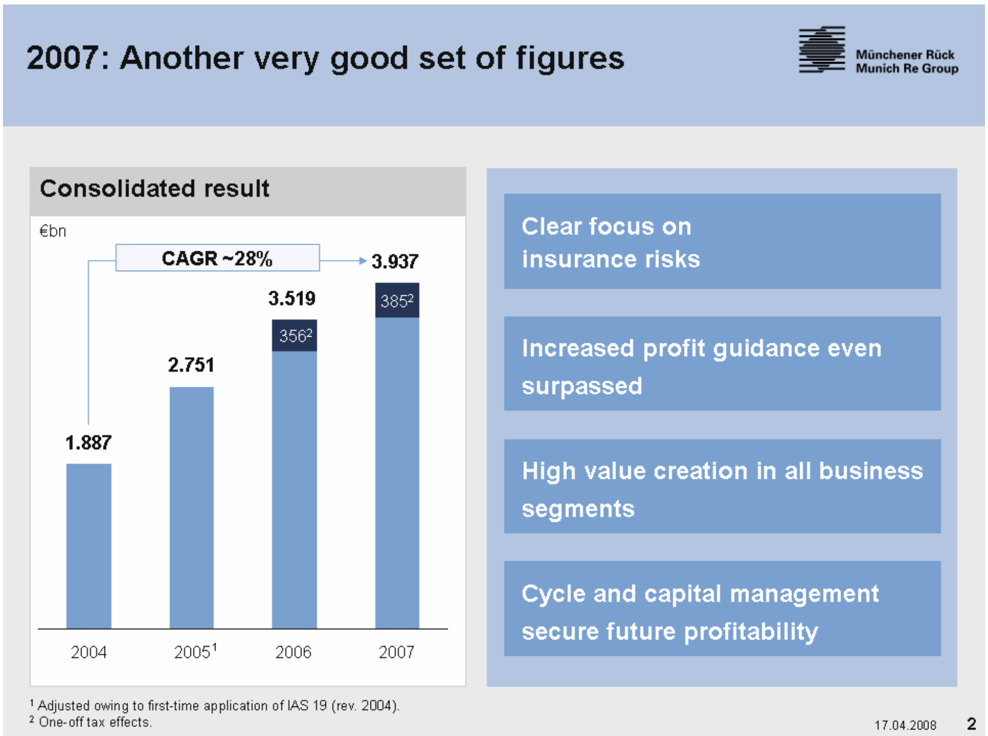
Slide 18 (Annual General Meeting 2008)

Ladies and gentlemen, I come to the conclusion of my report to this year's AGM. Once again it was a report without any really bad news. I hope it will stay that way. We will not be able to announce a new record result every year. But our "joy of winning" will remain. We will not cease to measure ourselves against best marks so that we continue to have the edge on our competitors. Then we can continue to pay an appropriate dividend and continue our active capital management. In particular, I wish for all of us that our success is reflected even more strongly in the price of your Munich Re shares. I express this wish on behalf of all employees of the Munich Re Group, without whose hard work and commitment the 2007 annual result would not have been possible and whom I would therefore like to thank most sincerely on this occasion.

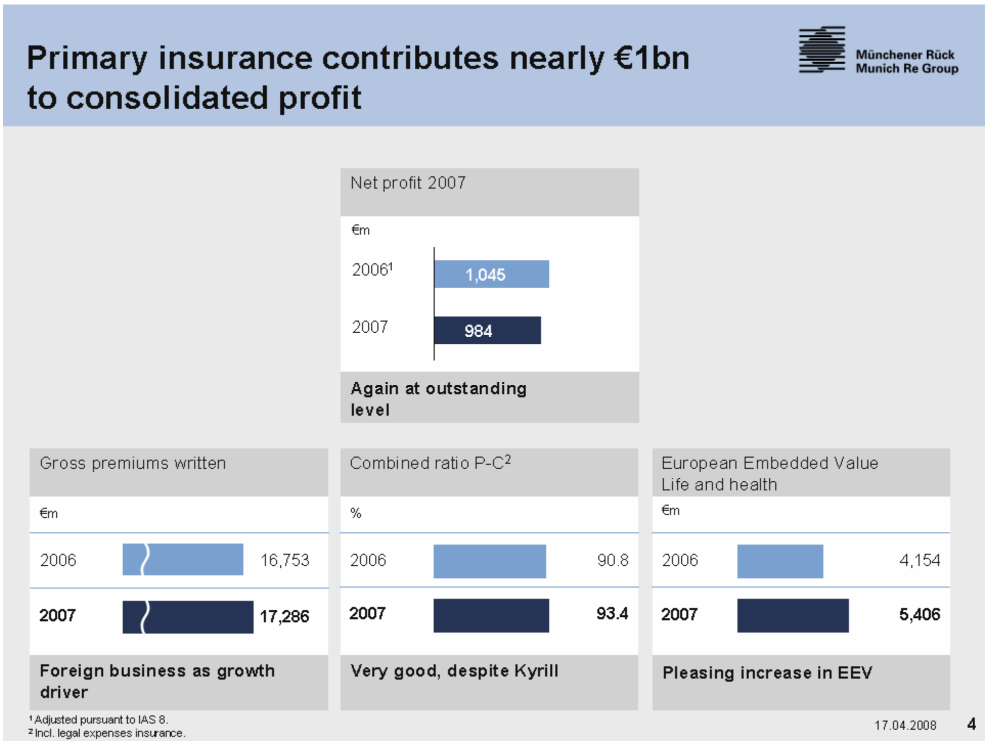
I now look forward to your questions and contributions to the discussion.

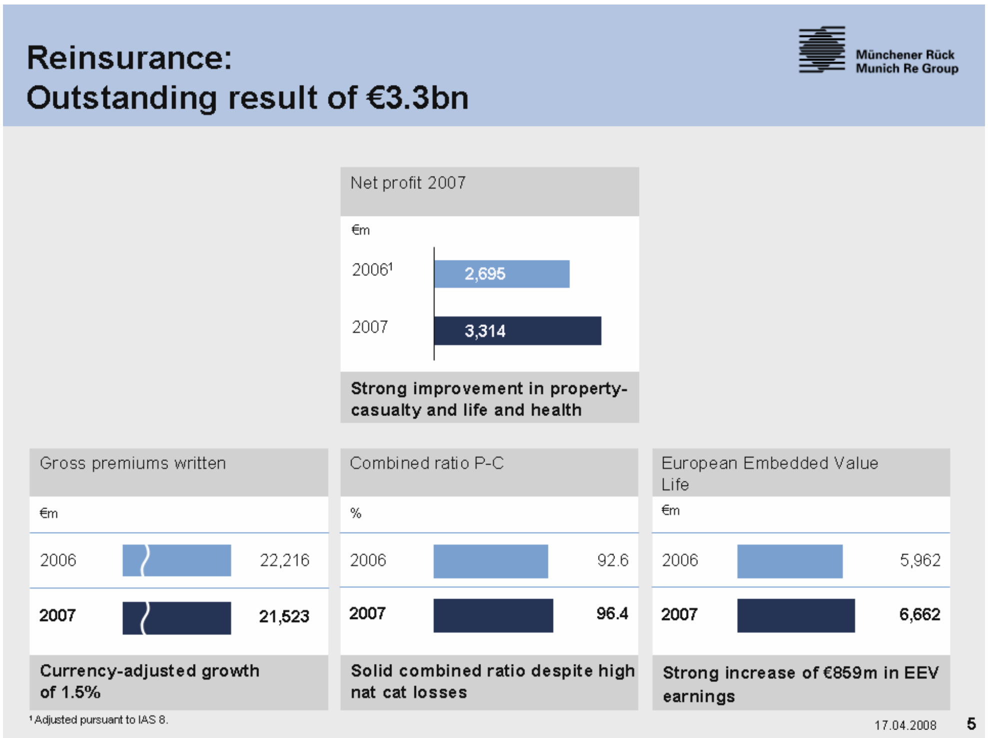
Thank you.
(Check against delivery)

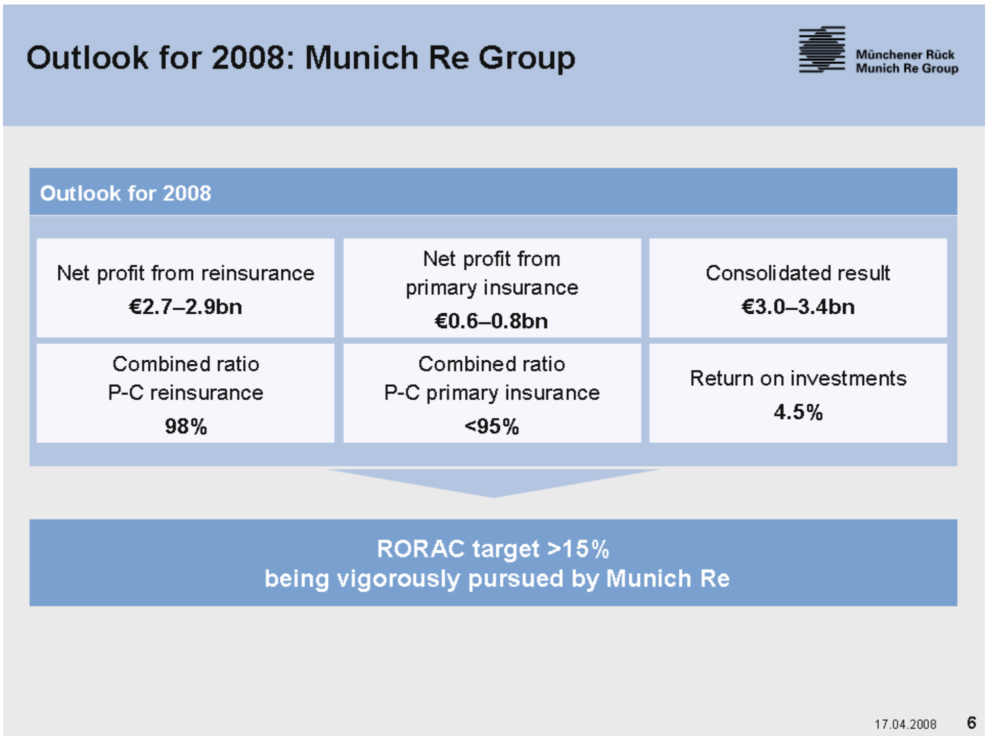

Munich Re Group
Annual General Meeting 2008
Dr. Nikolaus von Bomhard
Münchener Rück
Munich Re Group


2007: Another very good set of figures
Münchener Rück
Munich Re Group
Consolidated result
€bn
CAGR ~28%
1.887
2.751
3.519
356²
3.937
385²
2004
2005¹
2006
2007
Clear focus on insurance risks
Increased profit guidance even surpassed
High value creation in all business segments
Cycle and capital management secure future profitability
¹ Adjusted owing to first-time application of IAS 19 (rev. 2004).
² One-off tax effects.
17.04.2008
2


Forecast more than confirmed
Münchener Rück
Munich Re Group
2007 profit
€bn
Expected result
3.5–3.8
Result achieved
3.9
Expectation clearly fulfilled
RORAC
%
Result target
15.0
Result achieved
20.2
Target easily surpassed
Result before impairment losses of goodwill
€bn
2006
5.5
2007
5.1
Convincing quality
Premium development of MR Group
€m
2006
37,436
2007
37,262
Profit before growth
Investment result
€m
2006
8,972
2007
9,272
Return above target
17.04.2008
3


Primary insurance contributes nearly €1bn to consolidated profit
Münchener Rück
Munich Re Group
Net profit 2007
€m
2006¹
1,045
2007
984
Again at outstanding level
Gross premiums written
€m
2006
16,753
2007
17,286
Foreign business as growth driver
Combined ratio P-C²
%
2006
90.8
2007
93.4
Very good, despite Kyrill
European Embedded Value Life and health
€m
2006
4,154
2007
5,406
Pleasing increase in EEV
¹ Adjusted pursuant to IAS 8.
² Incl. legal expenses insurance.
17.04.2008
4


Reinsurance:
Outstanding result of €3.3bn
Münchener Rück
Munich Re Group
Net profit 2007
€m
2006[1]
2,695
2007
3,314
Strong improvement in property-casualty and life and health
Gross premiums written
€m
2006
22,216
2007
21,523
Currency-adjusted growth of 1.5%
Combined ratio P-C
%
2006
92.6
2007
96.4
Solid combined ratio despite high nat cat losses
European Embedded Value Life
€m
2006
5,962
2007
6,662
Strong increase of €859m in EEV earnings
[1] Adjusted pursuant to IAS 8.
17.04.2008
5


Outlook for 2008: Munich Re Group
Münchener Rück
Munich Re Group
Outlook for 2008
Net profit from reinsurance
€2.7–2.9bn
Net profit from primary insurance
€0.6–0.8bn
Consolidated result
€3.0–3.4bn
Combined ratio P-C reinsurance
98%
Combined ratio P-C primary insurance
<95%
Return on investments
4.5%
RORAC target >15%
being vigorously pursued by Munich Re
17.04.2008
6

Outlook for 2008: Primary insurance

Münchener Rück
Munich Re Group

General

- Strengthening the effectiveness of ERGO's sales force
- Realigning ERGO in the market for private provision
- Internationalising ERGO further

Outlook for life and health (Germany)

- Life: Premium growth at market level aimed at
- Health: Positive development in supplementary products; premium growth expected to be slightly higher than for the market as a whole

Outlook for property-casualty

- In Germany, focus on personal accident, liability and marine
- Premium growth slightly above the market rate to be expected

17.04.2008 7

Outlook for 2008: Reinsurance

Münchener Rück
Munich Re Group

General

- Resolute continuation of the Changing Gear programme
- Integration of acquired companies

Outlook for life

- Consolidation at a high level
- US market as important growth market

Outlook for property-casualty

- Differentiated market development with trend towards growing price pressure
- Intelligent growth through tapping of new market segments
- Implementation of US strategy to expand profitable market niche business close to primary insurance

17.04.2008 8

Reinsurance
Strategic initiatives making good progress

Münchener Rück
Munich Re Group

1	Consistent cycle management	Disciplined implementation in the past round of renewals
2	Further improvements in risk modelling and control	Systematic implementation of corporate underwriting and integrated risk management
3	Optimised sales	Intensive client and client-relationship management, customised solutions
4	Growth out of core business	Growth initiatives from Changing Gear being driven forward
5	Development of alternative business models	The Risk Trading Unit expanding its activities

17.04.2008 9

Outlook for the financial year 2008
International Health

Münchener Rück
Munich Re Group

General

- Developing a blueprint for the future organisation of International Health

Outlook for initiatives

- M&A: Utilisation of opportunities, integration of acquired companies (especially in the USA)
- Greenfield activities: Continuation and first results of initiatives, e.g. in Abu Dhabi, India, Italy and Spain
- Organic growth: Expansion of existing business in primary insurance and reinsurance, also through new business models

17.04.2008 10

Investments
Only slight subprime exposure

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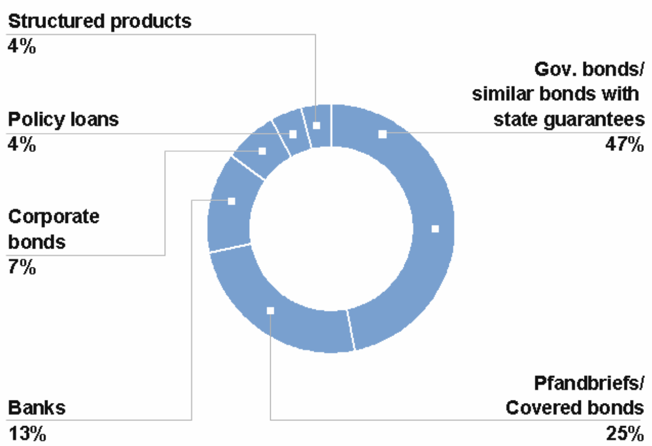
Munich Re Group

Fixed-interest financial instruments[1]



Structured products	
Total[2]	€5.5bn
Thereof subprime exposure	
Total	€0.34bn

[1] Incl. loans, some of the miscellaneous investments and cash positions. Economic view – not fully comparable with IFRS figures.
[2] Ratings: AAA 84.3%, AA 6.6%, A 5.7%, BBB 0.8%, <BBB 2.6%. See attachment for detailed split.

17.04.2008 11

Insurance-linked securities – Transfer of insurance risks to the capital market

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Transaction	Closing	Perils covered
Queen Street	03/08	– Windstorms in selected European countries
Nathan	02/08	– Extreme mortality risks in the USA, Canada, UK and Germany
MIDORI	10/07	– Earthquake in Tokyo area
Carillon II	05/07	– Hurricanes in East Coast area
Lakeside Re	12/06	– Earthquake in California
Carillon I	06/06	– Hurricanes in the USA (nationwide)
Aiolos	11/05	– Windstorms in selected European countries
Gold Eagle Capital 2001[1]	04/01	– Hurricanes in East and Gulf Coast areas – Earthquakes in the New Madrid areas (Missouri)
PRIME Capital California Earthquake and Euro Wind	12/00	– Earthquakes in North and South California – Windstorms in selected European countries
PRIME Capital Hurricane	12/00	– Hurricanes in the New York and Miami area
Gold Eagle Capital[1]	12/99	– Hurricanes in East and Gulf Coast areas – Earthquakes in New Madrid and California area
Pacific Re	06/98	– Typhoons in Japan

[1] Munich Re America, formerly American Re.

17.04.2008 12

Successful business model
Providing best business model for each risk segment

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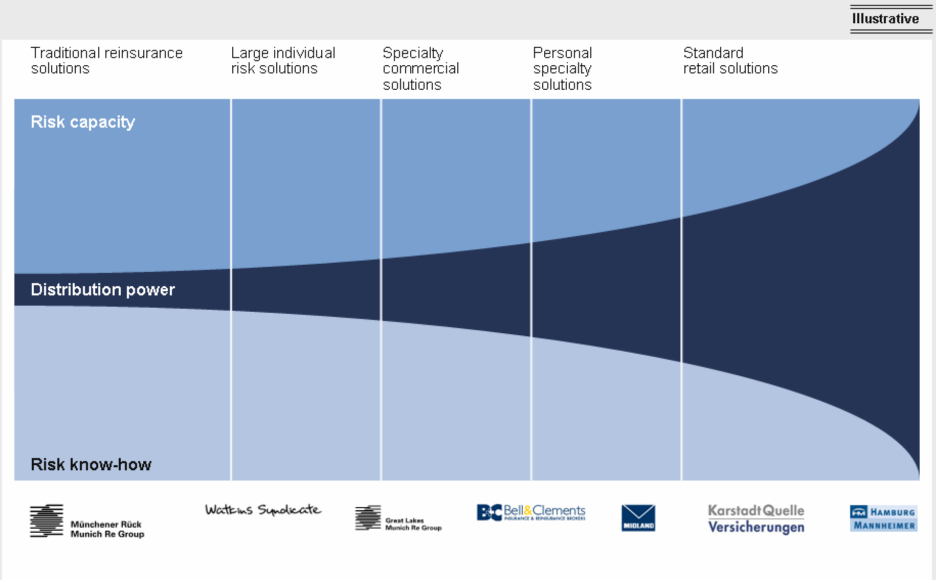

17.04.2008 13

M&A activities
Selective acquisitions support strategy

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Segment	Target	Country	Stake
Reinsurance	Bell & Clements Group	UK	100%
	The Midland Company	USA	100%
	MSP Underwriting Ltd.	UK	100% in MSP, 47.3% in Lloyd's Syndicate 318
	Allfinanz	Ireland	100%
International Health	Cairnstone Inc.	USA	From 25% to 100%
	Sterling Life Insurance Company	USA	100%
Primary insurance group	HDFC ERGO General Insurance Ltd.	India	26%
	Daum Direct Auto Insurance	South Korea	65%

17.04.2008 14

Integration of Midland: Focus on leveraging synergies

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Munich Re Group

Cost synergies

- Delisting Midland on the stock exchange
  - Board, external auditors
  - SEC and reporting requirements
- Productivity increases in sales
- Economies of scale and streamlining of internal processes

Earnings synergies

- Sale of Midland products via MR America and vice versa
- Cooperation between Midland and MR America in developing new products
- Using Bell & Clements as an additional distribution channel

17.04.2008 15

Integration of Sterling Life: Expansion in rapidly growing health market for seniors

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Munich Re Group

Attractive market

- Swiftly expanding market, with expected average growth of 20% p.a.
- 43 million people entitled to Medicare benefits, expected increase to 60 million by 2020
- Currently only 8.7 million people insured via Medicare Advantage Plans (market penetration)

Attractive target

- Immediate significant presence in the US seniors market (premium icome ~ US$ 800m)
- Strong brand with convincing unique selling proposition ("Real People – Wise Choices")
- Proven track record in Medicare market

Strategic fit

- Good fit with existing health business in the USA
- Solid platform for further growth at Sterling Life
- Disciplined implementation of our US health strategy

17.04.2008 16

Comments on the agenda

Münchener Rück
Munich Re Group

▪ Item 2	Appropriation of the net retained profits
▪ Item 3	Resolution to approve the actions of the Board of Management in respect of the financial year 2007
▪ Item 4	Resolution to approve the actions of the Supervisory Board in respect of the financial year 2007
▪ Item 5	Authorisation to buy back and use own shares
▪ Item 6	Authorisation to buy back own shares using derivatives
▪ Item 7	Amendment to Article 15 of the Articles of Association (remuneration of the Supervisory Board)

17.04.2008 17

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