Dr. Hans-Jürgen Schinzler
Chairman of the Board of Management

Ladies and gentlemen,

I bid you a cordial welcome to the 2002 Annual General Meeting of the Munich Reinsurance Company. We are happy to note your great interest in the Company and our work, and we thank you for coming.

Today Munich Re has more than 100,000 shareholders, ten times as many as just five years ago. No fewer than 50,000 new shareholders acquired shares in the Company last year alone, many of them through the share exchange transaction in which we increased our holding in the ERGO Insurance Group to more than 90%. We see this increase in the number of shareholders as a very positive development. With this continuing trend, our free float has risen in the last few years from 37% to 62%.

II. Overview

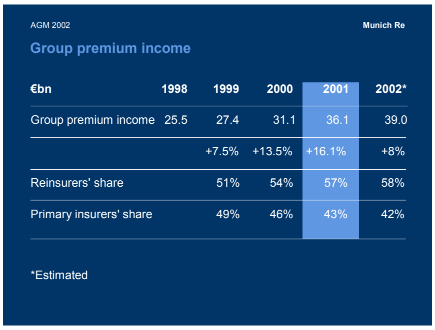
My colleagues and I had set ourselves ambitious objectives for the past year – and naturally we are very disappointed with the poor result. The Group profit of €250m is only a fraction of what we had aimed at.

2001 was, for Munich Re, the biggest challenge in its history, and at the same time an exceptional stress test for reinsurance worldwide and for our global financial system. In short, even though we mastered it, 2001 was an extremely difficult year.

- These difficulties started when, in the renewal of reinsurance treaties at 1st January 2001, we were not successful in achieving the hoped-for and overdue breakthrough in the adjustment of prices and conditions. Whilst we did get some adjustments made, this was far from sufficient to render our reinsurance business as a whole profitable again.
- The loss expenditure resulting from the terrorist attacks on 11th September exceeded anything ever experienced before. And on top of this there were other spectacular occurrences that hit insurers and reinsurers with major losses last year: the recall of the drug Lipobay, the explosion of an entire chemical plant in Toulouse, the collapse of the Enron Group, and several more.
- The business results of our US subsidiary American Re were catastrophic, and not just because of the World Trade Center loss. In the meantime, together with new management, we have restructured the company, withdrawn from some areas of business, initiated a cost-reduction programme and, not least, massively increased the claims reserves. I am convinced that this has decisively dealt with the problems involved.

- The development of the capital market was and is completely unsatisfactory. The consequence for all market participants, including us, is a considerable decrease in regular investment income, an appreciable decline in capital gains, higher writedowns on investments and a large decrease in valuation reserves.

All of these events and developments adversely affected our shareholders' equity and allowed us to post only a very meagre Group result for the year.

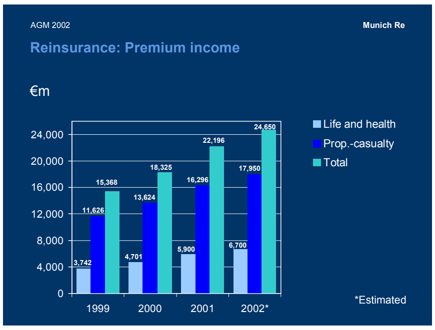


€bn	1998	1999	2000	2001	2002*
Group premium income	25.5	27.4	31.1	36.1	39.0
		+7.5%	+13.5%	+16.1%	+8%
Reinsurers' share		51%	54%	57%	58%
Primary insurers' share		49%	46%	43%	42%

*Estimated

III. Premium income and results in 2001

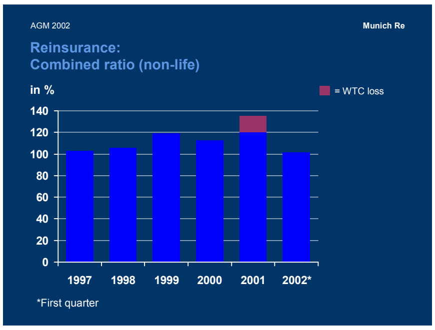
In the year under review our Group premium income was up by 16% to €36bn. In reinsurance, it rose by 21%. This means that in the last three years our reinsurers' share of Group premium has increased from 51% to 57%.



In property-casualty reinsurance we recorded an increase in premium of 19.6% to €16.3bn. Whilst our premium income from Germany declined, we achieved above-average growth in the rest of Europe and as regards our global clients.

Growth in our life and health reinsurance business was even stronger. The growth rate of 25.5% in this promising business sector, as last year, was largely attributable to foreign markets. In particular, we were able to extend and consolidate our position in North America: our subsidiaries and branches there continue to be among the market leaders. The overall result in life and health was again positive, albeit considerably impacted with €66m by the events of 11th September.

In property-casualty reinsurance our result was very poor: our combined ratio rose by an alarming 20 percentage points to 135%.This means that for every euro we earned in reinsurance we had to spend or reserve €1.35. Such a big gap can certainly not be closed by investment income.

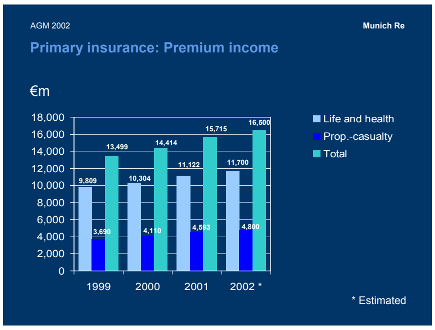


135% – that is around 30 percentage points too much. If we exclude the repercussions of 11th September, the combined loss ratio falls by 15 percentage points to 120%, but this is still exceptionally high and quite unacceptable, especially if you consider that losses caused by natural catastrophes account for only 1.5 percentage points of the total amount.

In all, three different types of risk acted against us in the exceptional year 2001: the risk of random fluctuations, the risk of change, and the risk of distortions in the international capital markets. True, such risks are typical of our business – but they have never occurred in such magnitude with the same concurrent effect as was the case last year.

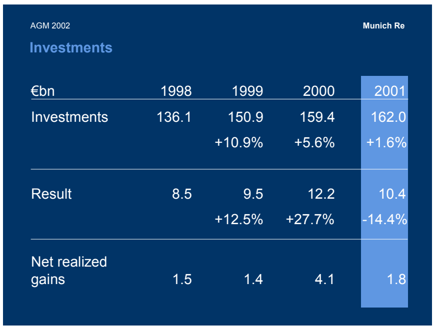
Covering risks is of course our daily business. A company operating in this business clearly requires substantial funds and employees that handle risks responsibly and respond rapidly to any changes in the risk situation. After 11th September we immediately and extensively considered what had to be done in order to offer our clients appropriate coverage for terrorism risks in future, without ourselves entering into risks of undefined scope. Since October 2001 we have consistently implemented our new concepts.

In primary insurance, we increased our premium income last year by 9% to €15.7bn, or 43% of overall Group premium. Our life and health insurance business grew by 7.9%, and property-casualty insurance by 11.7%.



In contrast to the situation in reinsurance, the results of our primary insurers' underwriting business in 2001 were quite unspectacular: our subsidiaries remained largely unaffected by major losses, the 11th September terrorist attacks accounting for less than €10m in claims expenditure.

Nevertheless, our primary insurers were naturally far from able to compensate for the big deterioration in the results of our reinsurers in the year under review. With capital gains on investments declining, their contribution to the Group's overall result was down slightly from €624m to a still very positive €561m.

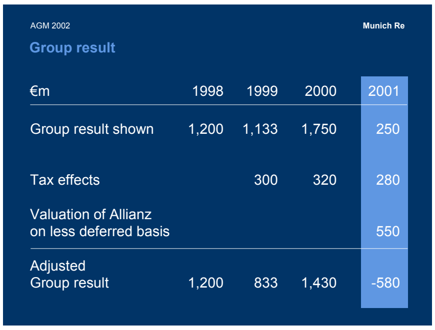


€bn	1998	1999	2000	2001
Investments	136.1	150.9	159.4	162.0
		+10.9%	+5.6%	+1.6%
Result	8.5	9.5	12.2	10.4
		+12.5%	+27.7%	-14.4%
Net realized gains	1.5	1.4	4.1	1.8

The extreme claims burden from the terrorist attack in the US and other major losses coincided with developments on the capital market that produced substantial losses in the market value of equity investments and a high degree of volatility in fixed-interest securities, affecting large and small investors alike.

Although the Group's investments showed a slight increase on the previous year to €162bn, the investment result deteriorated by almost 15% to €10.4bn, mainly owing to the slump on the stock markets.

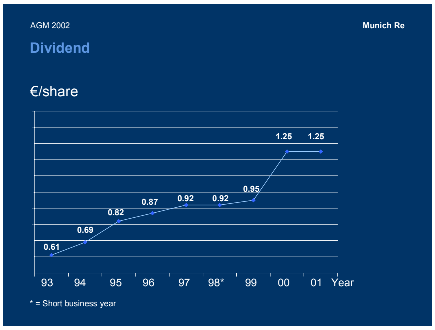
Even leaving aside the losses resulting from the 11th September terrorist attack, we are very dissatisfied with our 2001 Group result of €250m. Without the reported positive effects of the tax reform in Germany and the valuation of our shareholding in Allianz on a less deferred basis, we would have suffered a loss of €580m in 2001, the worst business year ever in the history of Munich Re.



€m	1998	1999	2000	2001
Group result shown	1,200	1,133	1,750	250
Tax effects		300	320	280
Valuation of Allianz on less deferred basis				550
Adjusted Group result	1,200	833	1,430	-580

The shareholders' equity shown in our balance sheet – excluding minority interests in our subsidiaries – fell in the business year 2001 by more than €4bn to €19.4bn, particularly due to the drop in the market value of our investments. At the same time our valuation reserves reduced by €5.5bn to €16.4bn.

No matter which way you look at it, the fact remains that the year 2001 hit us hard. But it is also a fact that we successfully weathered the storm and passed the stress test. The confidence of insurers throughout the world in our solvency and our claims-paying ability has been impressively confirmed and further strengthened in the renewals of reinsurance treaties at the end of 2001 and since.



IV. Dividend

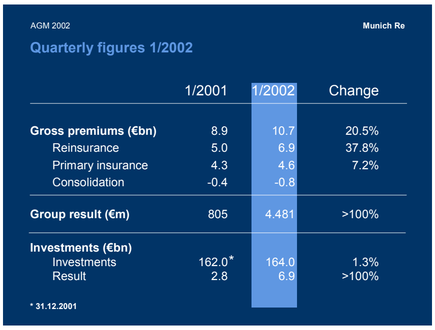
Despite the enormous burdens in our reinsurance business, Munich Re AG once again showed a profit for the year of €441m. €220m of this has been transferred to the revenue reserves. According to the proposal of the Board of Management and Supervisory Board, the dividend is to remain unchanged at €1.25 per share. This means maintaining last year's substantial increase in the amount distributed.

V. First half year 2002

Ladies and gentlemen,

The first quarter of this year was once again much more positive for the Munich Re Group.

The upward trend in the global reinsurance market is continuing. In renewing our treaties for 2002, we succeeded in considerably increasing our prices and were able at the same time to implement much improved conditions. The effect of these improvements on our premium income and results in the first quarter of the year was very positive.


AGM 2002 Munich Re

Quarterly figures 1/2002

	1/2001	1/2002	Change
Gross premiums (€bn)	8.9	10.7	20.5%
Reinsurance	5.0	6.9	37.8%
Primary insurance	4.3	4.6	7.2%
Consolidation	-0.4	-0.8	
Group result (€m)	805	4.481	>100%
Investments (€bn)			
Investments	162.0*	164.0	1.3%
Result	2.8	6.9	>100%

* 31.12.2001

Thus growth in reinsurance in the first three months of the current business year was almost 38%. This substantial figure is attributable not only to the significant premium increases, but also to our success in acquiring attractive new business. Looking at the whole year, however, we expect a considerably lower growth rate, since the development of premium income last year was influenced significantly by several one-off business transactions in the second half of the year. Over the year as a whole, we nevertheless currently expect a good 11% in premium growth to €24.6bn.

Compared with the first quarter of the previous year, claims costs for large losses were significantly lower in the first three months of this year. So far we have been spared any major losses caused by natural catastrophes. Only in credit insurance have there been some spectacular losses, such as those triggered by the collapse of the construction group Holzmann in Germany or the insolvency of Kmart, one of the largest retail companies in the USA.

In property-casualty reinsurance the combined loss ratio in the first quarter of 2002 dropped significantly to 101.7%, compared with 135.1% in the previous year as a whole. In life and health reinsurance, both premium income and results have developed very favourably.

In the first quarter of this year our primary insurers succeeded in increasing their premium income by 7% to €4.6bn, growing in all areas of business. Looking at the year overall, we currently expect an increase in premium income of almost 5% to around €16.5bn. In view of the weakness of the capital market, the result is likely to be considerably lower than in 2001.

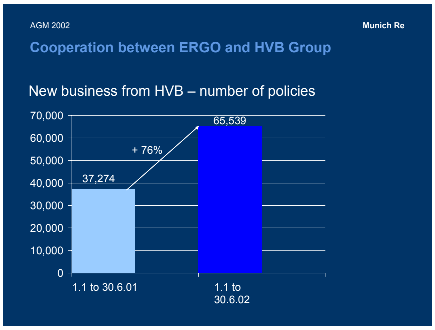
In all, our Group profit in the first quarter of 2002 amounted to an exceptionally high €4.5bn, resulting to a large extent from profits generated through the sale of shares in Allianz AG and our stake in Allianz Lebensversicherung. We already informed you in detail last year of our complex exchange transactions with Allianz, and later in my report I will come back to the general situation with regard to our shareholdings policy.

The companies within our Group are benefiting to an above-average extent from pension reform in Germany: VICTORIA and Hamburg-Mannheimer alone have already written more than 430,000 so-called Riester policies. In the field of company pensions our subsidiaries also rank among the top group of insurers, more than half of the 100 largest companies in Germany being among our clients.

The flagship of our primary insurance group is ERGO. We sell our comprehensive range of products through a whole range of different channels to millions of clients in German and Europe.

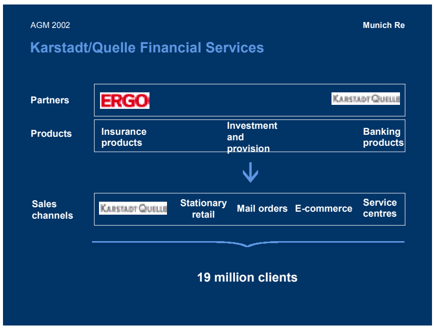
In our strategic partnership with HypoVereinsbank, we set the course last year for considerable expansion of our cooperation.

In the meantime all of ERGO's sales and distribution organizations sell HypoVereinsbank products to their customers, while conversely the bank offers its customers ERGO life, health, and property-casualty policies exclusively and nationwide.



We are already harvesting the first fruits of our partnership. In the first half of this year, HypoVereinsbank branches have sold more than 65,000 ERGO Group insurances, thus exceeding even the targets we had set ourselves in this important start-up phase. In Poland, one of the most significant European growth markets for financial services, we also plan to strengthen our cooperation, and I am most confident that we will be able to extend our joint activities to other regions as well.

It goes without saying that we are not happy about the performance of the HVB share price – like that of our own shares – subsequent to the increase of our shareholding in the bank. Since the beginning of the year the share price has fallen by approximately 12.7%, although the DAX fell by almost 20% in the same period. However, we see our shareholding in HypoVereinsbank not from the short-term angle, but rather from the strategic, long-term perspective, i.e. with a view to the excellent opportunities our partnership gives both parties. This has already been confirmed most impressively by our initial experience: the cooperation model selected is ideal for both HypoVereinsbank and for our Group. So we have made a good start and we will keep on course together – to the advantage of both groups' clients and shareholders.



Another example of value-creating alliances is the strategic partnership agreed this spring between ERGO and KarstadtQuelle. The joint-venture company KarstadtQuelle Financial Services, in which ERGO and KarstadtQuelle each have a 50% share, will offer a wide range of insurance, financial and banking products via various sales and distribution channels. This gives us access to approximately 19 million customers of the KarstadtQuelle Group. In connection with this partnership, ERGO has also acquired a majority shareholding of 77.5% in Quelle Versicherungen, the third-largest direct insurer in Germany, with premium income of €550m.

To capitalize even more energetically on the opportunities in its main areas of business, ERGO will be concentrating fully on primary insurance in future. Accordingly, VICTORIA Re – which is simply too small for today's reinsurance environment – will be discontinuing its active reinsurance business at the end of this year. The company wrote a premium volume of €377m last year. We will recommend VICTORIA Re clients to do business directly with Munich Re in future, and we are confident that we will succeed in retaining the attractive parts of VICTORIA Re's business within the Group. This will draw a clear dividing line between our Group's primary insurance and reinsurance, at the same time realizing synergy effects.

On 29th August we will be publishing our report on the first half year 2002. Work on the accounts is in progress. We already have indications that our current, "fundamentally renewed" reinsurance business is continuing to develop positively this year; claims costs for large losses are clearly below the high level we had to cope with in the previous years. Our primary insurance activities are developing according to plan. The situation on the capital markets, however, remains very difficult. The collapse of Worldcom, which hit the headlines recently, does not affect us so much as a reinsurer, but does involve us as an investor with an amount in the double-digit million range.

Our result in the second quarter and, accordingly, in the first half of the year will nevertheless be influenced primarily by two factors: first, by the generation of further capital gains from our transactions with Allianz; second, by the significant burden resulting from the strengthening of claims reserves for our US business. We reported on both matters to the public last week in a press release and at a press conference.

VI. Reorganization of shareholdings

The transactions rearranging the shareholdings of Munich Re and Allianz, announced last year, have since been completed as planned.

On 15th January we reduced our stake in Allianz AG to 21.2% of the voting capital. We have sold our shares in Allianz Leben to Allianz.

At 30th June we also sold our shares in Bayerische Versicherungsbank and Frankfurter Versicherung to Allianz.

This means that we are restructuring our portfolio very actively and have moved shareholdings and stocks with a market value of more than €20bn in 2001 and 2002 to date. These movements must also be considered in the light of the ongoing debate on the tax exemption of gains on such sales. Proposals to put a greater burden on "big corporations" – as they are always referred to this context – are generally guaranteed to go down well, especially in times of election campaigns, even though several million people in our country just happen to be part of these "big corporations" as employees and shareholders. Exemption of sales profits from taxation is by no means a "privilege", but rather part of the overall system of taxing corporate profits, as provided for in the tax reform that has only just been implemented. Without such tax exemption we would not have been able in the first half of the year to conduct the transactions so crucial to the ongoing development of our Group. If the new legislation that came into force not even seven months ago is abolished again in the foreseeable future, Germany will become even less attractive to international investors, and the strategic reorientation of the German economy – of decisive importance in international competition – would be made even more difficult. I therefore today appeal once again to those responsible in politics not to change the legislation now in force.

VII. American Re, terrorist attack of 11th September 2001

2001 was the most difficult year for American Re since it was purchased by Munich Re six years ago. A whole series of significant burdens led to a dramatic increase in American Re's operating loss, which totalled $865m. As one of the three leading reinsurers in the US market, American Re was hit in particular by the extremely high 11th September losses, its share of which amounted to $450m net.

On top of this, as a consequence of the dramatic increase in long-tail losses from previous years, American Re was obliged to significantly strengthen its reserves again by more than $850m.

Such reserves are set up in the insurance industry when losses have occurred and been reported to insurers but are not yet certain in terms of amount and therefore cannot be paid at once. Experience shows that beyond these there are losses that are only reported to insurers – and by insurers to their reinsurers – some considerable time after they have occurred. It is necessary to post reserves for these so-called late-reported claims as well, so that shareholders' equity and result are shown correctly at the respective balance sheet date. For the fact is that setting up or increasing reserves means, in economic terms, showing corresponding expenditure in the income statement.

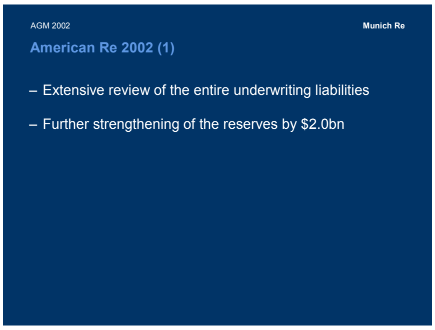
The calculation of these reserves is sometimes extremely difficult: up to the time when complex claims are finally settled, periods of years and even decades often elapse. This is generally the rule in liability insurance, for business interruption losses, or for asbestos-related and environmental claims. Until claims files are finally closed, the claims amounts not yet paid have to be re-estimated at each balance sheet date on the basis of the knowledge then available. This is done using many years of experience, a good database and above all sophisticated actuarial methods.

Nevertheless, owing to the lack of more far-reaching information, uncertainties in estimates are inevitable in the course of time and often very high. This applies particularly in the case of reinsurers, who are at the end of the information chain consisting of claim, claimant, insurer and reinsurer, and are dependent on the data supplied by their clients. The situation in the US is even more difficult than elsewhere – not least because of the not always predictable nature of courts decisions there. That is why American Re is by no means the only company having to cope with substantial subsequent reserving – this problem is affecting and troubling the entire US market, both primary insurers and reinsurers alike.

Why have we decided to increase the reserves so massively?

In the second half of 2001 primary insurers notified American Re of a rapidly increased number of losses, with an exceptional volume, relating to covers and events from previous years. This development then continued into the first quarter of this year in an unforeseeable way. Without delay, we therefore subjected American Re's claims reserves to a thorough review, in the process carefully analysing all major contractual relationships and all significant losses still outstanding. We also compared the reserve situation for our portfolio with the market data available as well as forecasts published for especially problematic claims complexes. In particular, this involved workers' compensation insurance, with its large underwriting losses. But it also concerned liability insurance for asbestos-related diseases, which are exceeding even the most pessimistic fears owing to the excessive trend in US court awards. In addition, the main reasons for the very poor business performance were the following:

- High overcapacity led to exaggerated competition in the insurance and reinsurance market, with a corresponding decline in premium rates.
- This trend was accelerated by a booming capital market which provided high income from investments.
- And finally, there was evidently an underestimation industry-wide of claims incidence and size when calculating claims reserves for prior years.



The calculations of our American actuaries were carefully analysed by our Munich experts. We made every effort to conclude this review prior to today's Annual General Meeting, and indeed succeeded in doing so, with the object of being able to report to you today on these further large burdens from the USA.

Our aim is, of course, to put an end once and for all to this series of long-tail losses and thus increase the transparency of our results. We will therefore – as announced in our press release of 10th July and explained at the following press conference – be increasing American Re's claims reserves by a further $2bn for the second quarter. This may certainly also be seen as a sign of our strength, because we did not fight shy of this expenditure and with this huge effort intend to provide for all the related claims burdens that may still realistically be feared.

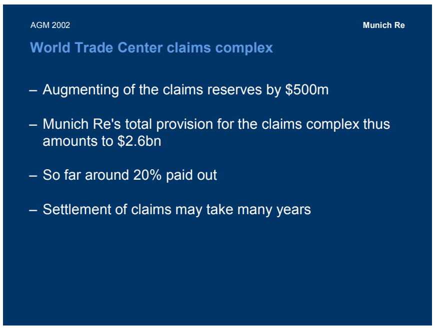
We acquired American Re in 1996 for $3.3bn – incidentally at an extremely favourable exchange rate – and last year invested another $1.3bn. So far, then, we have invested $4.6bn. In the next few weeks, to enable the company to substantially strengthen its reserves, we will carry out a capital increase. The size and modalities of the increase have yet to be decided. This capital injection (but not the strengthening of the claims reserves) will then add to the amount invested accordingly.

We are, however, not only significantly strengthening American Re's financial position. In the last few months we have also taken far-reaching personnel and organizational measures in order to decisively solve the problems and to put the company in a position to derive the best possible benefit from the upturn in the US reinsurance market. The timing for the realignment of American Re is ideal.

On 9th March 2002 John Phelan took over as Chief Executive Officer of American Re. Since 1986 he had run our Canadian subsidiary very successfully in a sometimes difficult market environment. His predecessor at American Re and other members of the top management have left the company. John Phelan has also been appointed a member of Munich Re's Board of Management and thus – unlike his predecessor – shares responsibility for our Group business activities as a whole. He started out in his new position by initiating a thorough examination of all outstanding claims, supervising these analyses himself, and taking the other radical action required to lead a strengthened American Re into the future.

In the last few months the company has been realigned both strategically and structurally by means of a series of measures. In particular, American Re will be concentrating in future on its core business in the United States; it has transferred its international business to Munich Re, where the attractive portions will be consistently integrated into our international organization.

Today American Re is already a completely different company from what it was half a year ago. In our estimation, its future looks good. The successful "all-round clean-up operation" has decisively improved the operating conditions for its future business. Rates in the USA have picked up noticeably in the meantime by 15 to 50%, depending on the class of business involved. The market has returned to reason. At the same time, exposures in classes of business so far prone to heavy losses have been cut back. Terrorism risks have largely been excluded from treaties. Considering the lessons of the recent past, we would no longer go along with a return to exaggerated competition. At long last, reinsurers able to offer capacity with first-class security are once again receiving risk-commensurate prices. So provided claims resulting from natural catastrophes and other major events do not exceed normal limits, we will earn money in the USA again. I have also expressly demanded this.



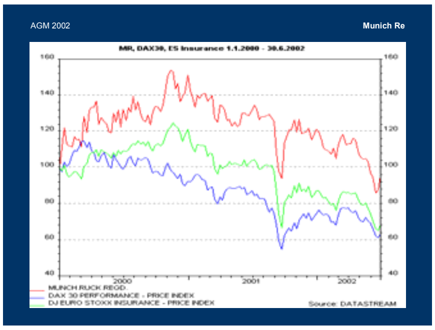
In addition to strengthening American Re's reserves, we have also – following the principle of prudence – added US$ 500m to our provisions for losses that may be incurred in the longer term from the terrorist attack of 11th September. To be on the safe side here as well, we are making provision for claims complexes that have not even been reported yet. This applies in particular to workers' compensation, liability and also business interruption insurance. We have thus paid or reserved a total of more than $2.6bn for this loss of unique complexity and magnitude. This is an exceptionally large amount, even though with total underwriting reserves of more than €140bn and investments of more than €160bn we can ultimately cope with it. The settlement of all claims will certainly take years, if not decades.

So much for developments in the USA.

VIII. MEAG

At the end of 2001 MEAG, our asset management company, had assets of around €145bn under management, the lion's share of which were investments for Munich Re and our subsidiaries. Even in the difficult year 2001, the volume of MEAG's retail mutual funds was up by approximately 4%, although the overall amount is still relatively low at €2.4bn.

Whilst still in its infancy as regards third-party business, MEAG is therefore making us increasingly happy. The young company once again received top marks from rating agency Standard & Poor's in March 2002, ranking number 1 in the European bonds category. Among asset managers as a whole, MEAG won third prize from among a large number of investment companies, thus adding to its list of awards. So it is fair to say that MEAG is on the right track, also in the difficult retail market.



IX. Munich Re shares

Ladies and gentlemen,

As shareholders of Munich Re you went through quite a lot in the previous business year. Panic broke out on the stock markets after 11th September, and prices seemed to be in free fall. On 12th September our share price, which had been €285 shortly before, plummeted to a low of €207.

We responded to the feeling of deep insecurity and strove to restore the confidence of investors and analysts by swiftly providing information on the nature and anticipated magnitude of losses affecting Munich Re. And we were successful in this: the price of Munich Re stock recovered quickly and returned to its previous level within just a few days. Throughout the year as a whole, however, we suffered a fall in the price of our shares by 20%, contrasting with an increase of 51% in the year 2000, when Munich Re shares outperformed nearly all the other stocks in the German DAX. For purposes of comparison: in 2001 the Euro Stoxx insurance index suffered a decline of 28.4% – considerably more than Munich Re shares.

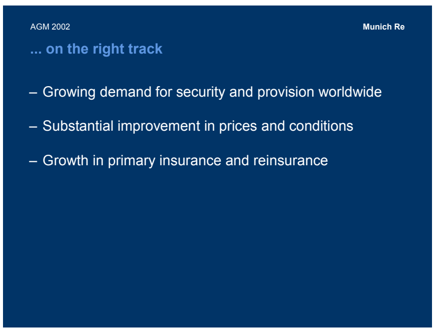
Your confidence and patience have also been tried in the current year. It is true that the warrants which we issued in 1998 and whose exercise period expired on 3rd June brought an excellent return for shareholders who had availed themselves of our offer. Otherwise, however, the performance of our stock, like that of other insurance stocks, has been very unsatisfactory. Over and above the current general aversion to financial stocks due to the weakness of the stock markets, which is not justified by the state of the real economy, the price of our shares has been affected by other adverse circumstances: hedge funds speculated on falling prices and put pressure on the market. Deutsche Bank sold its stake in Munich Re, and disposed of 7.6 million Munich Re shares in several tranches in the first half of 2002. Our share price also suffered from geopolitical risks, especially the fear of further terrorist attacks. And last but not least, diminishing confidence among investors as a result of cases such as Enron or Worldcom has also had a generally negative effect on the markets.

In all, the price of Munich Re shares fell by a good fifth in the first half of 2002 to €239; the DAX lost 15% in these six months, and the Euro Stoxx insurance index 21.4%.

From the longer-term perspective, however, Munich Re shares have still done relatively well: thus between 1st January 2000 and 1st July 2002 they lost just over 5% in value, whereas the DAX fell by no less than 37.2% in the same period, and the Euro Stoxx insurance index by a pretty substantial 31.8%.

Speaking also in behalf of my colleagues, I wish to most cordially thank all shareholders who remained loyal to the Company in the past year despite these adverse circumstances. You may rest assured that Munich Re's Board of Management and its staff will make every effort to justify your confidence, moving the Company successfully into the future.

X. Objectives

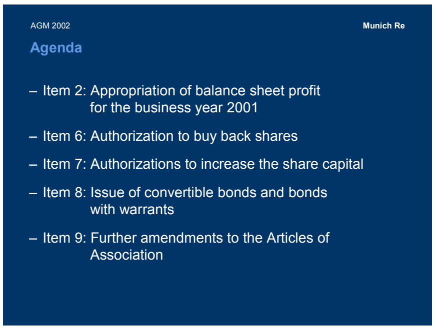


Despite the setbacks we experienced in 2001, we are convinced that we are on the right track. Primary insurance and reinsurance are growth markets and the end to this growth is not in sight. On the contrary, risks are growing worldwide and the need for security and provision is increasing accordingly. Asset management also benefits from this trend.

It is, of course, essential to receive the right price for assuming a particular risk and to make sure that terms and conditions are appropriate. Not only in the USA, but the world over, the events of 11th September 2001 have created a significantly greater awareness for the need for reinsurance coverage with high security. Now clients are far more prepared to pay the appropriate price for such coverage. In renewing our reinsurance treaties at 1st January, 1st April and 1st July this year, we have reached important interim objectives, substantially improving both prices and conditions. When our reinsurance treaties are up for renewal in the forthcoming risk periods, we will again push strongly for further adjustments wherever rates are not yet commensurate with the risks involved.

The relationship between price and risk, and the terms of trade, have therefore shifted significantly in favour of reinsurers. This will have a positive effect on our underwriting results in the next few years. We have significantly improved the structure of our portfolio, strengthening and, in part, extending our market position around the world.

We are adhering to our objective of growth in all fields of business, coupled with sustained optimization of profitability. In primary insurance we are concentrating on Europe, where ERGO is already one of the leading insurers in some markets and has a strong position in personal lines business. In reinsurance, on the other hand, it is our policy to be number 1 or number 2 in all major markets worldwide. While in primary insurance we are quite willing to acquire companies if the price is right, we will probably expand mainly through organic growth in reinsurance and also in asset management.



XI. Explanatory remarks on items 2, 6, 7, 8 and 9 on the agenda

Ladies and gentlemen,

I would now like to briefly explain some of the items on the agenda to you. You will find the agenda in the documents that were handed to you at the entrance.

First, agenda item 2:

Owing to the fact that the Company has bought back shares in the current business year, the resolution on appropriation of the profit needs to be adjusted, since own shares are not entitled to dividend. You can find out further details on the buying-back of shares in the report on page 10 of the agenda.

On page 1, under agenda item 2, you will also find the figures for the amended resolution on the appropriation of the profit, so that I can dispense with reading this out.

Under agenda item 6 we are asking you – as at previous AGMs – to renew the authorization to buy back shares; by law such authorization may only be granted for a short period and therefore needs to be renewed every year. I would like to point out one innovation here: in the resolution proposal we have included the option of paying for own shares with other listed-company stock instead of in cash. This gives a company with listed shareholdings additional scope for action.

The revision of the authorizations to increase the Company's share capital under agenda item 7 provides for greater flexibility, by combining the previous Authorized Capital Increases I, II and III, but its total amount of €220m remains slightly below the previous amount for these authorizations.

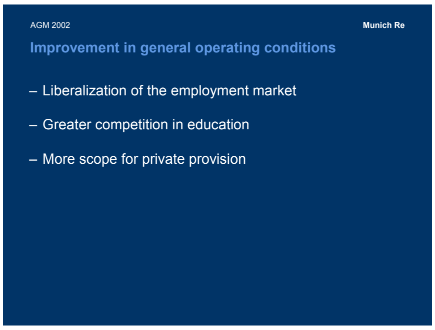
Under agenda item 8, the proposed revision of the authorization to issue convertible bonds or bonds with warrants raises the amount of the contingent capital provided for this measure from €15.4m to €30m. The proposal thus involves adjusting, in terms of amount and content, this authorization of just under four years' standing to the position of a company of our size.

The additional amendments to the Articles of Association proposed under agenda item 9 modernize the Articles and extend the options for the use of electronic communications. The German Registered Shares Act and the Transparency and Public Disclosure Act, which was adopted by the Bundesrat three weeks ago on Friday, has created the necessary scope. We welcome these innovations as part of good corporate governance and are already availing ourselves of them by transmitting the whole of this AGM on the Internet. This means that for the first time shareholders who cannot be present here today have the chance to follow the whole AGM.
You can find detailed explanations of the resolution proposals mentioned here on pages 2 to 9 and 10 to 13 of the agenda which was given to you.

Ladies and gentlemen,

To finish with, allow me to share a few thoughts with you on Munich Re's future development:

XII. Improving our general operating conditions



Our common objective is to secure and extend the market and opinion leadership of Munich Re and thereby to increase the Company's value. Ultimately, however, we can only be successful if legal parameters allow us to operate with the swiftness and flexibility required in international competition.

This, however, is not provided for to the extent one would wish: an almost arbitrary-seeming succession of interventions in the structure of our collective systems is curtailing the development of properly functioning markets in many areas. As a result, German industry is subject to what are in some cases quite dramatic disadvantages, which can hardly be compensated for in global competition. Without deep-seated reforms which decisively re-strengthen such cornerstones of our social market economy as personal responsibility and competition, Germany as an industrial location will be increasingly endangered and the prosperity we enjoy today as well as the prosperity of our children and grandchildren will be placed at risk.

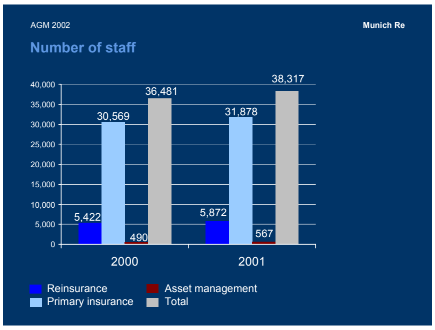
In this context I would like to mention just three examples, which are also significant from the Munich Re Group's perspective:

1. Our most important and valuable resource is our staff, who we recruit with corresponding assiduity in the job market. Regrettably, the proper functioning of the employment market is being increasingly affected by the suffocating grip of existing – and, indeed, growing – regulation. Here the responsible parties must finally grasp that, in a liberal and global society, profitable jobs can only be created through a well-functioning employment market and have to be filled by suitably qualified employees.

2. The German system of school and university education must be considered in close connection with the employment market. To safeguard and improve our position in international competition, our need for staff focuses above all on highly qualified graduates, with the requisite professional and personal qualities. Regrettably, Germany's school and university system has not exactly scored top marks recently, the PISA Study having given our country a rude awakening. To eliminate the shortcomings of our educational system, therefore, it is essential to promote and step up competition. Only the firm establishment of real competition at all levels, that is between the various schools, universities and educational institutes, the German *Länder* and, not least, among students at both school and university, will allow us to once again rank among the leaders at both a European and a global level with our German education system.

3. Lastly, the shortages and the resulting prices in our system of social security must be made visible. Solutions offered by the free market such as private health insurance or also pension insurance are good examples of how competition between various players in the market can provide the economic basis for the social benefits to be provided today and tomorrow, making clear the prices at which this is possible. Any prolongation of the status quo, on the other hand, would inevitably lead to financial collapse of the state systems. Only by dispensing with a portion of our collective social security can we provide the necessary financial scope both for the public authorities and for individuals paying premiums and taxes – in the latter case, the scope for individual planning of their lives. This does not mean moving away from the principle of solidarity. Rather, it is a matter of sharpening awareness for demand and costs and thus ultimately of determining the basis for what social benefits are to be financed on the one hand and offered on the other.

Ultimately, the future of our country depends on economic success in the world's markets. But we can only be successful against global competition, especially in the long run, if we ensure the internal effectiveness, efficiency and robustness of our collective systems. To successfully renew these systems, however, we also need a greater focus on people's freedom of choice and personal responsibility, i.e. a clear orientation towards the principles of the market and open competition.



XIII. Employees

Despite all the problems, we look to the future with optimism. We are proud of our staff, who bring their knowledge, skills and personality to their work with such dedication. It is only through this commitment that we are able to meet the high expectations of our clients for above-average, global service in all areas of risk management and provision.

In the year under review, a year of upheaval and particular challenges, the dedicated work of our staff on behalf of your Company again merits special recognition. On behalf of the entire Board of Management, I would therefore like to take this opportunity to thank them again.

XIV. Moving confidently into the future

Munich Re is 122 years young. Entrepreneurial far-sightedness, commercial prudence and perseverance in the pursuit of our objectives have brought us to where we are today. Munich Re has survived two world wars and weathered many storms – both meteorological and economic – and has not, I believe, disappointed its shareholders over the years and decades.

We are firmly convinced that we are on the right track. We are well equipped to take the opportunities we have and to exploit new ones. The outlook of the Munich Re Group for the years to come is very good.

It is our intention to increase our shareholders' assets – and we have proved in the past that we are able to do so. A sound business policy geared towards the requirements of our clients and the interests of our shareholders, professional competence, reliability and growing transparency are values which, as already shown, are also rewarded by the stock exchange in the long term. In the ten years from 1st July 1992 to 1st July 2002, despite the fall in the share price in the first half of 2002, the value of your Munich Re stock has increased on average by approximately 16% a year, compared with 9.5% for the DAX as a whole.

We plan to build on this successful development. Please continue to give us your confidence and support.

Thank you very much for your attention.

(Check against delivery.)