Munich Re Group

Acquisition of The Midland Company

Telephone conference
for analysts and investors

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17 October 2007

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Acquisition rationale

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Midland acquisition

Unique opportunity to expand in US specialty p-c market

Transaction highlights

- US$ 65 per share offer for 100% of outstanding shares of The Midland Company (Midland)
- Assumed value US$ 1.3bn
- Entirely funded through own funds

Strategic rationale

- Focus on profitable, fast-growing US specialty insurance segments
- Emphasis on short-tail, low-severity personal lines insurance
- Further detaching Munich Re from traditional p-c reinsurance cycle
- Long-standing experience of Munich Re in specialty insurance via US subsidiary
- EPS enhancement from 2008 onwards
- Full integration into Munich Re Group
- Support of financial targets announced as part of Changing Gear programme

No changes to Munich Re's capital management commitment to return >€8bn to shareholders by 2010

Acquisition rationale

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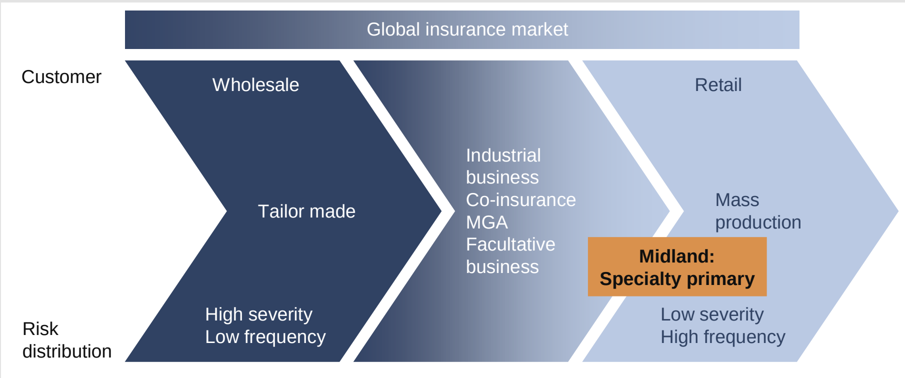
Getting closer to the risk

Occupying strategic growth areas along risk value chain



Generating value for shareholders by giving access to all parts of value chain

Reducing dependency on property-casualty reinsurance cycle

Realisation of synergies across Group

Diversification results in reduced capital requirements

Acquisition rationale

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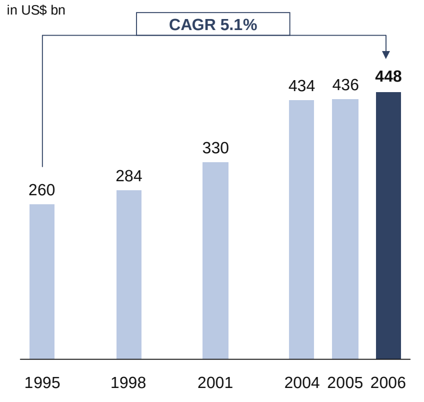
Midland acquisition

Logical step within our new US strategy

US primary p-c market – Net premiums written



Source: A.M. Best

One of the world's largest and fast-growing insurance markets

Goals of new US strategy

- Participate in significant potential of US p-c market
- Sustainable, profitable growth over course of market cycle
- Increase profitability from direct and broker reinsurance as well as primary insurance by
  - Employing a client-centric approach
  - Developing closer broker relationships to support clients' needs
  - Building a dominant presence in specialty primary insurance segments

Full commitment to disciplined cycle management

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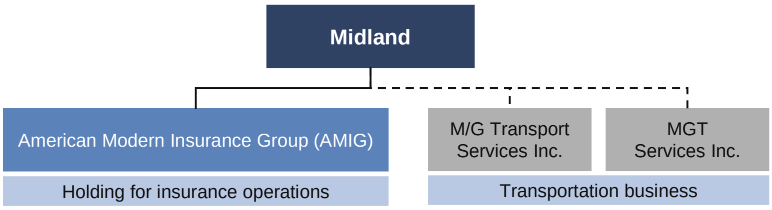
Company overview

Insurance operations conducted by American Modern

Corporate structure



	2006
Gross written premiums p-c	US$ 781m
Combined ratio	93.8%

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US p-c specialty insurer

Non-cyclical growth

AMIG p-c gross premiums written

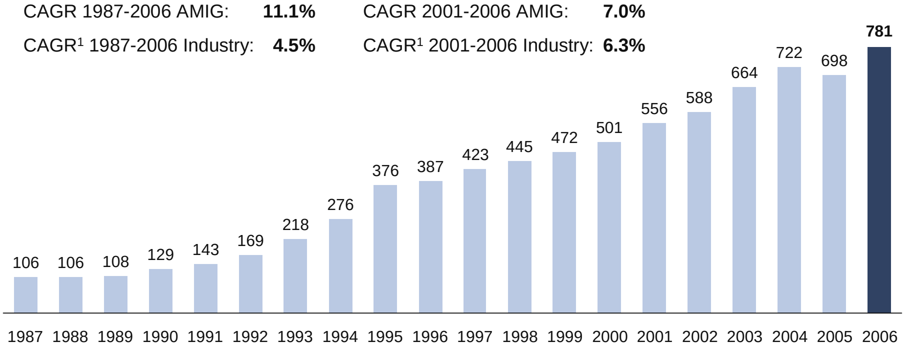
in US$ m

CAGR 1987-2006 AMIG: **11.1%**

CAGR[1] 1987-2006 Industry: **4.5%**

CAGR 2001-2006 AMIG: **7.0%**

CAGR[1] 2001-2006 Industry: **6.3%**



Consistently outperformed the US p-c market

[1] Source: A.M. Best, net written premiums.

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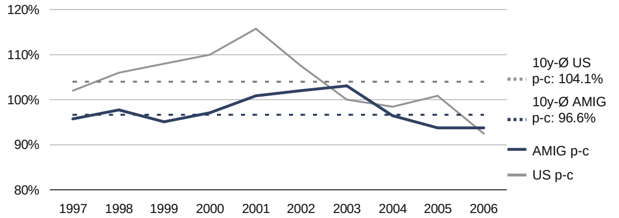
US p-c specialty insurer

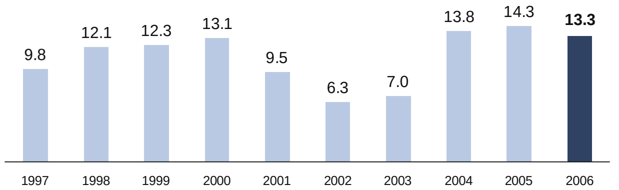
High profitability throughout the cycle

Combined ratio p-c AMIG against industry[1] 1997 – 2006



Post-tax RoE Midland 1997 – 2006[2]

in %



- Less volatile than general p-c industry
- Very high profitability with improving combined ratios even in high-loss years 2004 and 2005
- Net profit 2006: US$ 71m
- Strong RoEs

[1] Source: A.M. Best. [2] Calculated on average equity.

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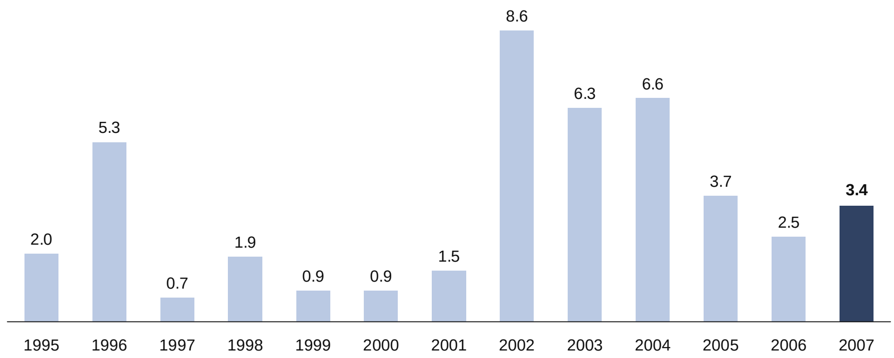
US p-c specialty insurer

Sustainable underwriting

AMIG p-c rate increase p.a.[1]

in %



- Rate adequacy is a key component of overall profit strategy
- Niche products and diversified distribution insulates from competitive rate pressure of broader market

[1] For residential property and recreational casualty.

Overview of Midland

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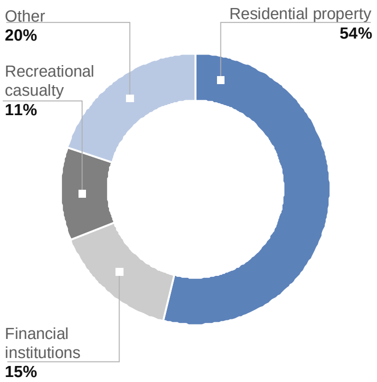
US p-c specialty insurer

Highly focused specialty insurer

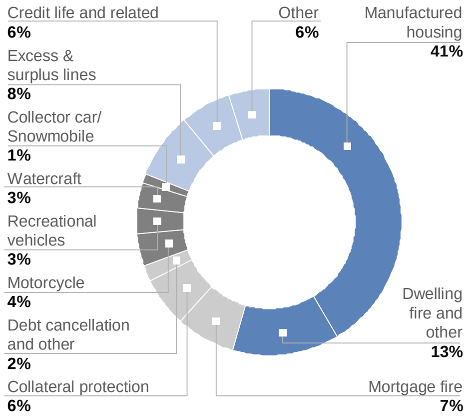
GWP 2006 by business mix

Split by segment

in %



Split by product type



Total GWP 2006: US$ 832m[1]

[1] Thereof AMIG p-c US$ 781m.

Overview of Midland

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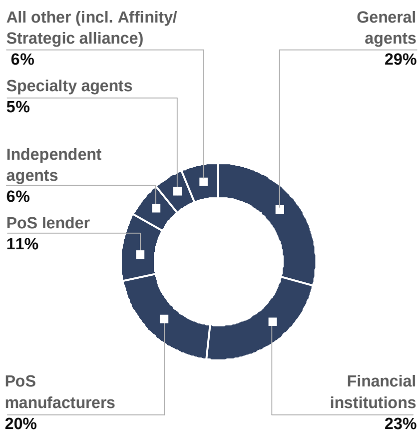
Distribution

Multiple distribution channels to market specialty products

GWP 2006 by distribution channel



Distribution channels

Agency

- Personal line products are marketed through specialty, general and independent agents

Financial institutions

- Banks and credit unions which place insurance products on behalf of borrowers to insure collateral

Point of sale – Manufacturers and dealers

- Distribution of residential property insurance through manufactured housing dealers, vertically integrated manufacturers and specialty agents

Point of sale – Lender

- Channel for insurance products through financial institutions that provide financing for products that American Modern insures

Affinity/ Strategic alliance

- Provide specialty products to policyholders of other insurance carriers via strategic alliances with standard multi-line insurance companies

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Combined platform

Building a leading specialty lines platform in the US

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Cross-selling

- Mutual marketing of combined product portfolio
- Cross-selling through co-marketing, private labeling and fronting

New products

- Creation of new products through combination of know-how
- Higher acceptance of new Midland products through backing of Munich Re

New producers

- Cross-selling and new products through shared know-how leads to higher awareness and expansion of producer network

Realization of revenue synergies
and exploitation of multiplier effects

Financial impact

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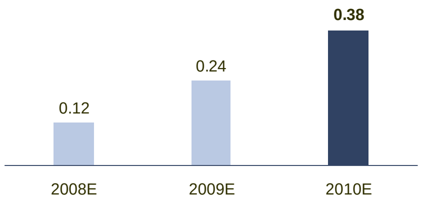
Accretion and synergy potential

Acquisition of Midland is value-enhancing

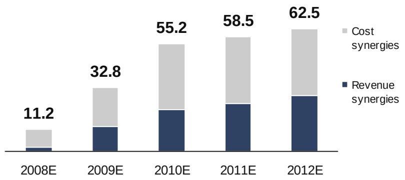
EPS accretion[1]

in €



Pre-tax synergies

in US$ m



- EPS accretive for Munich Re shareholders already in 2008
- Significant synergy potential through
  - Leverage of Munich Re's product development capabilities and
  - Midland's ability to cross-sell
- Financing through own funds
- Implementation of announced capital management programme not affected
- Strong solvency ratios maintained after acquisition
- Midland to be fully integrated into Munich Re Group

[1] Calculation based on assumed and stable number of ~208m shares at beginning of year 2008, 2009 and 2010.

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Summary

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Summary
Solid basis for profitable growth

Attractive target	▪ Midland has a consistent long-term track record of superior underwriting leading to above market growth and profitability ▪ Large synergy potential with Munich Re America's existing business
Fit into strategy	▪ Strategic fit with recently announced US strategy ▪ Move into primary niche segments reduces dependency on p-c cycle
Generating value for shareholders	▪ Acquisition is EPS accretive for Munich Re shareholders already in 2008 ▪ Full commitment to >€8bn capital management programme

Midland represents a unique opportunity to enhance Munich Re's position in US p-c specialty insurance market segments

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Back-up

Transaction
Highlights

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Offer	▪ US$ 65/ share (equaling US$ 1.3bn) for 100% of outstanding shares
Structure	▪ Transaction certainty through US M&A regulatory environment
Funding	▪ Acquisition is entirely funded through own funds
Conditions to closing	▪ Acceptance of transaction by majority of shareholders (>50%) ▪ Regulatory approval
Milestones	Signing → Regulatory approval → Shareholder approval → Closing (Expected in Q2 2008)

Back-up

Transaction structure
Transaction certainty through US regulatory M&A environment

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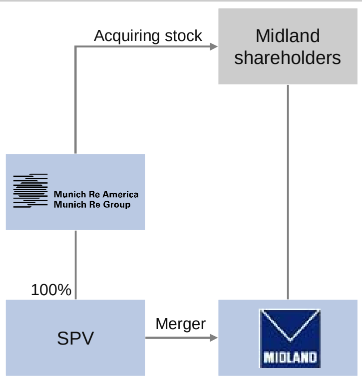
Transaction structure



- Majority of Midland shareholders vote in favour of the merger (>50% sufficient)
- SPV merges into Midland
- SPV's stock is converted into Midland stock
- Midland's shareholders receive cash consideration in exchange for 100% of outstanding shares
- No costly buy-out of minorities ("all or nothing")

Back-up

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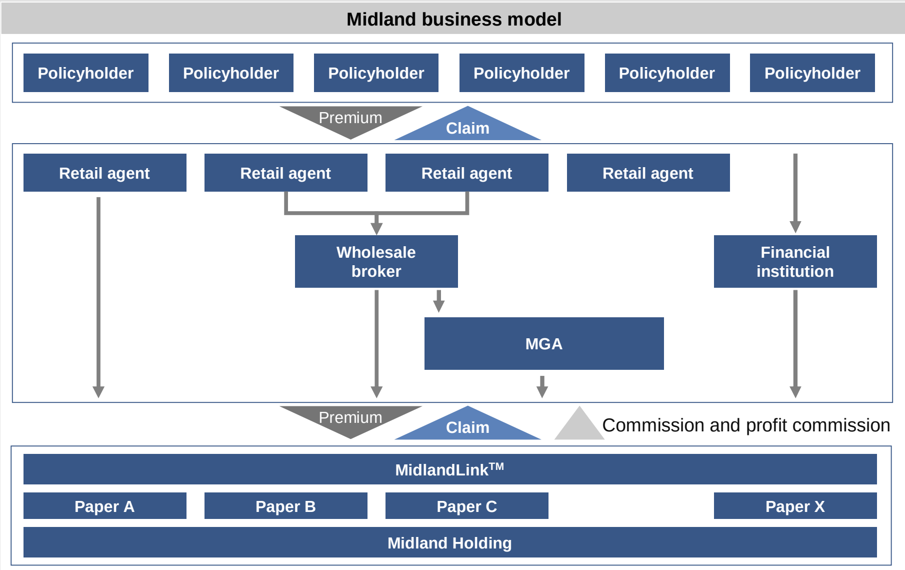
Business model

Based on strong distribution network and efficient IT-infrastructure



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Segments

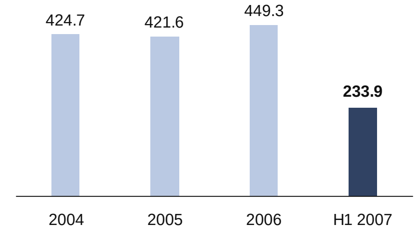
Residential property

Manufactured housing

- Property damage coverage for owners of manufactured homes for broad range of perils including fire, wind, hail, lightning, floods and theft
- Policies typically include limited liability coverage; generally written for 12 months

Gross premiums written

in US$ m

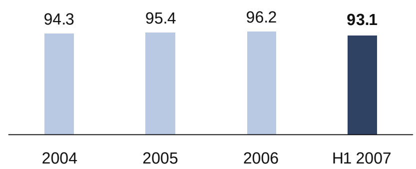


Site-built dwelling

- Coverage for low-valued individual and one-to-four family homes, as well as vacant, unoccupied, and seasonal dwellings
- Provides for more limited property damage and liability coverage, as compared to traditional homeowners' policies
- Distribution predominantly through general and independent agents and affinity relationships

Combined ratio

in %



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Segments
Financial Institutions

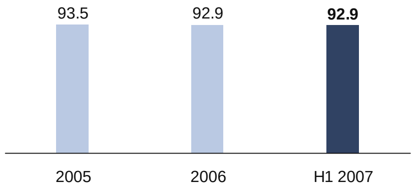
Mortgage fire
- Policies placed through financial institutions and written to provide protection to lenders against physical damage on homes and buildings uninsured by borrower

Collateral protection
- Policies placed through financial institutions and written to cover physical damage of uninsured manufactured housing units, automobiles or other collateral

Debt cancellation
- Debt cancellation is non-insurance form of credit protection

Gross premiums written
in US$ m

Combined ratio
in %



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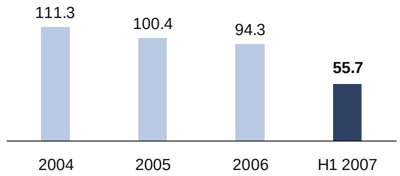
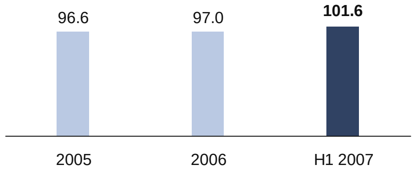
Segments
Recreational casualty

- Composed of motorcycle, watercraft, recreational vehicle, collector car and snowmobile insurance products
- Products are underwritten primarily through general, independent and specialty agents, and point of sale and affinity relationships
- Risks underwritten include both property damage as well as limited liability coverage
- Referred to as “Recreational casualty” because products have slightly higher bodily injury exposure than its pure property products
- Growth can develop because of enhanced execution as opposed to competing on basis of price

Gross premiums written
in US$ m



Combined ratio
in %



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Segments
Other specialty products

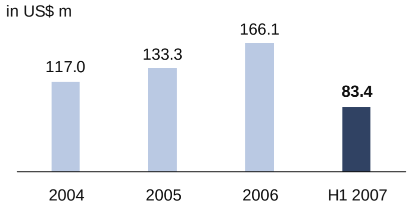
Excess and surplus lines
- Strategic alliance with Bell & Clements entered into in February 2002
- Coverage include both personal and commercial risks with emphasis on small account property coverage

Long-haul trucking
- Provides physical damage coverage for long-haul trucks, principally to owner-operators
- Policies generally protect only against damage to insured vehicle and do not insure against liability claims

Auto rental
- Predominantly written on rental recreational vehicles, coverage includes physical damage and liability

Commercial property
- Policies provide property coverage for damage to manufactured homes and recreational vehicles resulting from fire, wind, hail, lightning, floods, theft or vandalism

Gross premiums written
in US$ m



Credit life
- Policies that provide credit insurance to consumers who finance purchase of personal property
- Available coverage includes credit life, credit accident and health

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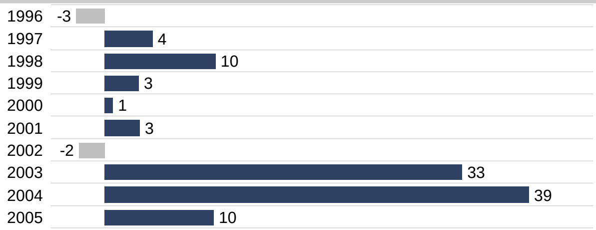
US p-c specialty insurer
Key balance sheet information and reserving

Key balance sheet information

in US$ m	2002	2003	2004	2005	**2006**
Total assets	1,101.1	1,192.2	1,364.7	1,428.1	**1,569.5**
Total liabilities	792.2	836.2	932.4	943.7	**994.8**
Total equity	308.9	356.1	432.3	484.4	**574.7**
Cash and investments	745.7	848.7	978.3	950.5	**1,036.4**
Deferred acquisition costs	96.4	87.9	90.4	88.4	**99.3**
Unearned premium reserves	406.3	383.9	390.4	395.0	**445.3**
Loss reserves	164.7	204.8	232.9	254.7	**221.6**
Debt	90.4	95.8	115.9	111.8	**108.4**
Statutory surplus	242.2	289.9	355.5	394.3	**450.7**

Reserving redundancy/ deficiency in US$ m



- Conservative balance sheet
- Predominantly short-tail business
- Reserve/ premium and reserve/ surplus ratio indicate conservative reserving policy
- Eight out of ten years show reserve redundancies

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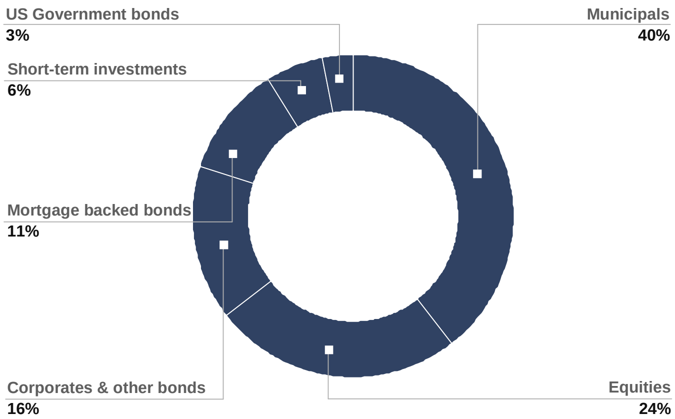
Assets

Investment portfolio

As of 30 June 2007



Total: US$ 1,038m

- 76% fixed income (US$ 781m)
  - "AA" average quality
  - 4.9 years average duration
- No exposure to US subprime mortgage instruments

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Appendix

Financial calendar

Contacts

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Financial calendar

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5 November 2007
Interim report as at 30 September 2007

13 December 2007
Investors' Day on ERGO, London

19 February 2008
Investors' Day on property-casualty reinsurance, London

25 February 2008
Balance sheet press conference for 2007 financial statements

17 April 2008
Annual General Meeting

18 April 2008
Dividend payment

8 May 2008
Interim report as at 31 March 2008
Analysts' conference, Munich

6 August 2008
Interim report as at 30 June 2008

7 October 2008
Investors' Day on life reinsurance, London

7 November 2008
Interim report as at 30 September 2008

Appendix

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This report contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.