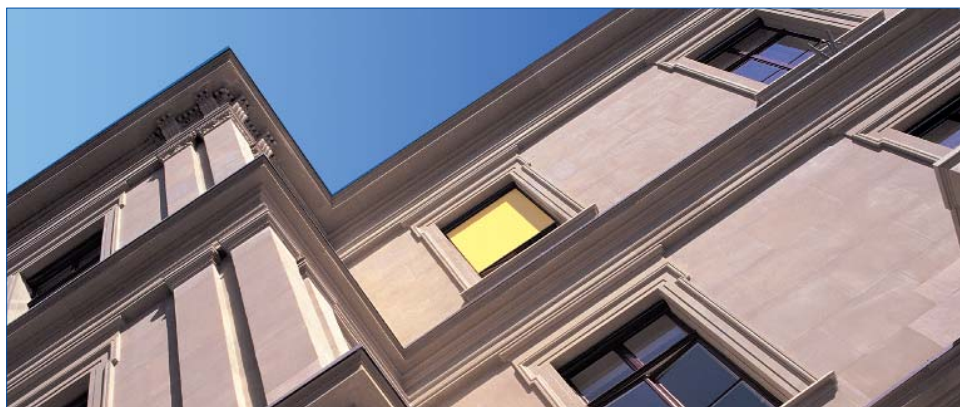


New Reinsurance Company

Financial Statements as at 31st December 2005

Swiss Gaap format



**Balance sheet as at 31st December 2005
(before appropriation of result)**

| Assets (CHF) | 2005 | 2004 |
|--|----------------------|----------------------|
| Bank and post office accounts and cash | 19,798,687 | 6,838,620 |
| Short-term investments | 451,434,846 | 291,411,522 |
| Securities | 1,748,151,579 | 1,497,564,965 |
| Loans and mortgages | 0 | 16,338 |
| Real estate | 72,967,942 | 71,120,264 |
| Amounts due from companies for reinsurance business: | | |
| - in current account | 230,902,133 | 187,840,869 |
| - for deposits made | 1,249,934,714 | 1,008,858,664 |
| Sundry debtors and transitory assets | 384,588,266 | 436,415,259 |
| Total | 4,157,778,167 | 3,500,066,501 |

| Liabilities (CHF) | 2005 | 2004 |
|--|----------------------|----------------------|
| Capital subscribed | 260,000,000 | 260,000,000 |
| General reserve fund | 14,212,123 | 5,619,971 |
| Result (incl. profit/loss brought forward) | 142,715,029 | 133,967,075 |
| Technical reserves for own account: | | |
| - Premium funds | 911,498,816 | 836,706,740 |
| - Unearned premiums | 95,521,583 | 91,091,067 |
| - Claims reserves | 2,182,144,845 | 1,765,314,078 |
| Amounts due to companies for reinsurance business: | | |
| - in current account | 482,454,411 | 319,754,285 |
| - for deposits retained | 61,586,095 | 77,418,899 |
| Sundry creditors and transitory liabilities | 7,645,265 | 110,194,386 |
| Total | 4,157,778,167 | 3,500,066,501 |

Profit and loss account for the business year 2005

| Technical accounts (CHF) | | | 2005 | | 2004 |
|---|-------------|--------------|---------------------|-------------|-------------------|
| Life | | | | | |
| 1. Net earned premiums: | | | | | |
| - Gross premiums | 315,470,034 | | | 242,395,849 | |
| - Premiums retroceded | -2,249,614 | | | 68,179,114 | |
| - Change in unearned premiums | 6,089,313 | | | -10,949,314 | |
| | | 319,309,733 | | | 299,625,649 |
| 2. Expenditure for claims on death or maturity for own account, incl. change in claims reserves and change in premium funds | | -223,316,535 | | | -228,072,595 |
| 3. Commissions for own account | | -109,600,342 | | | -99,474,881 |
| 4. Interest for own account | | | | | |
| - on premium funds | 27,669,823 | | | 31,131,390 | |
| - on other technical reserves | 6,812,233 | | | 5,187,943 | |
| | | 34,482,056 | | | 36,319,333 |
| 5. Management expenses | | -3,393,925 | | | -3,342,300 |
| Technical result for life | | | 17,480,987 | | 5,055,206 |
| Other classes | | | | | |
| 6. Net earned premiums: | | | | | |
| - Gross premiums | 552,214,699 | | | 387,897,340 | |
| - Premiums retroceded | -36,360,248 | | | -25,713,488 | |
| - Change in unearned premiums | -8,358,836 | | | 31,067,275 | |
| | | 507,495,615 | | | 393,251,127 |
| 7. Claims for own account, incl. change in claims reserves | | -596,659,745 | | | -297,779,769 |
| 8. Commissions for own account | | -79,191,705 | | | -62,277,952 |
| 9. Interest on technical reserves for own account | | 40,699,175 | | | 55,375,327 |
| 10. Management expenses | | -21,696,082 | | | -21,305,931 |
| Technical result for other classes | | | -149,352,742 | | 67,262,802 |
| Overall technical result | | | -131,871,755 | | 72,318,008 |

| General accounts (CHF) | | | 2005 | | 2004 |
|--|--|-------------|--------------------|-------------|--------------------|
| Overall technical result (brought forward) | | | -131,871,755 | | 72,318,008 |
| 11. Investment income | | 95,048,953 | | 105,185,896 | |
| Interest on technical reserves - life f.o.a. | | -34,482,056 | | -36,319,333 | |
| Interest on technical reserves - other classes f.o.a. | | -40,699,175 | | -55,375,327 | |
| | | | 19,867,722 | | 13,491,236 |
| 12. Other result | | | 133,688,303 | | 11,984,845 |
| 13. Management expenses | | -27,890,181 | | -27,399,097 | |
| Management expenses - life f.o.a. | | 3,393,925 | | 3,342,300 | |
| Management expenses - other classes f.o.a. | | 21,696,082 | | 21,305,931 | |
| | | | -2,800,174 | | -2,750,866 |
| 14. Writedowns and value adjustments | | | 1,833,766 | | -7,746,560 |
| 15. Taxes | | | -1,817,756 | | -1,375,144 |
| Result for the year | | | 18,900,106 | | 85,921,519 |
| Profit/loss brought forward from previous year | | | 123,814,923 | | 48,045,556 |
| Balance sheet result | | | 142,715,029 | | 133,967,075 |

Notes to the financial statements

| 1. Key Figures | 2005 | 2004 |
|-----------------------------------|----------------------|---------------|
| (in CHF) | | |
| Gross premiums written | 867,684,733 | 630,293,189 |
| Net premiums written | 829,074,871 | 672,758,815 |
| Investment income | 95,048,953 | 105,185,896 |
| Management expenses | -27,890,181 | -27,399,097 |
| Result for the year | 18,900,106 | 85,921,519 |
| Investments | 2,292,353,054 | 1,866,951,709 |
| Technical reserves (net) | 3,189,165,244 | 2,693,111,885 |
| Shareholder's equity *) | 416,927,152 | 399,587,046 |
| *) before appropriation of profit | | |

2. Accounting principles

The company's accounting principles are in line with those prescribed by the Swiss Code of Obligations (OR). They are consistent with those applied in the prior year. The accounting and valuation principles of the main balance sheet captions are the following:

Investments

Fixed interest securities and equity investments are booked at the lower of cost and historical market value. Unrealised gains are not recognised in equity or in the income statement. For investments in foreign currencies, exchange rates as at 31 December 2005 are used.

Real estate

Buildings are valued at the cost of original acquisition plus the cost of renovations.

Accounts receivables

Receivables are booked at nominal values and written down if there is a risk that they cannot be recovered, which is calculated considering individual exposures and a general depreciation per ageing category.

Technical reserves

Technical reserves are systematically recorded for the amounts reported by ceding companies. At the year-end closing most accounts received for recent underwriting years are incomplete and are subject to estimates. The technical reserves are valued at the expected ultimate cost - including reserves for incurred but not reported claims - either reported by ceding companies or estimated by underwriters and the actuarial department.

Other assets and liabilities

These are held at their nominal value using year-end rates for foreign currencies.

3. Transactions conducted in foreign currencies

All transactions are recorded in their original currency. All balance sheet and profit & loss account items are translated into CHF using the year-end exchange rate.

4. Main events during the year

Business development

In 2005, net earned premiums have increased by 19,3% to a total of CHF 826,8 mio. The main growth stems from the New Re core business, namely non-proportional property business. The total Non-Life segment increased by 29,1% to a total of CHF 507,5 mio. Life premium volume grew by 6,6% to a total of CHF 319,3 mio.

Life result (CHF 17,5 mio) has more than tripled due to the lack of large losses. The Non-Life result (CHF -149,4 mio) has been significantly impacted by an extraordinary frequency and severity of natural catastrophes, namely the:

- US hurricane "Katrina"
- flooding in Switzerland
- Scandinavian storm "Erwin"
- US hurricane "Wilma"

Despite the significant growth, management expenses have been kept in line with inflation (+1,8% to a total of CHF 27,9 mio).

New Re keeps its selective approach towards profitable business especially in the non-proportional property business. A further significant growth is expected for 2006.

In order to support this further business development, the shareholder, Munich Re, has strengthened the capital base by CHF 130 mio which are accounted for under "Other result".

5. Other information according to the Swiss Code of Obligations (OR)

Art. 663b N°1 OR

As a member of the Reinsurance Pharmapool, Munich, New Re is committed - to the extent of its proportional share - to assuming the payment obligations of another pool member if the latter is not able to meet their obligations.

Art. 663b N°2 OR

The assets pledged or assigned to secure New Re's commitments, plus the assets under reservation of ownership, amounted TCHF 134,064 as at 31.12.2005 (previous year: TCHF 127,332).

Art. 663a N°4 OR

At the balance sheet date there were receivables and liabilities in respect of other affiliated companies belonging to the Munich Re Group, as follows:

| in TCHF | 2005 | 2004 |
|--|----------------|----------------|
| Amount due from companies for reinsurance business | | |
| - current account | 165 | 2,923 |
| - deposits made | 148,955 | 156,663 |
| Total receivables | 149,120 | 159,586 |
| Amount due to companies for reinsurance business | | |
| - current account | 66,695 | 65,633 |
| - deposits retained | 18,978 | 24,985 |
| Total liabilities | 85,673 | 90,618 |

The above-mentioned figures for amounts due from or to group companies include estimations of technical positions at year-end. As of 2005 receivables and liabilities for all affiliated companies (previously only direct related companies) are showed. 2004 figures were restated accordingly.

Art. 663b N°4 OR

Insured values of tangible assets (fire cover):

| in TCHF | 2005 | 2004 |
|--------------------|----------------|----------------|
| Buildings | 96,650 | 94,100 |
| Furniture | 4,000 | 4,000 |
| Computer equipment | 3,350 | 4,700 |
| Total | 104,000 | 102,800 |

Art. 663c OR

New Re's main shareholder is the Munich Reinsurance Company (Münchener Rückversicherungs-Gesellschaft, Aktiengesellschaft in München) with a 99,99% shareholding.

The share capital is made up of 200 CHF shares. New Re's financial statements are consolidated within the financial statement of Munich Re Group.

There are no other facts requiring disclosure under Art. 663b OR.

6. Appropriation of the 2005 net profit after tax

The 2005 result for the year amounts to CHF 18,900,106 (previous year: CHF 85,921,519). The Board of Directors proposes to the Annual General Meeting to pay out a dividend of 1,15 CHF per share, resulting therefore in the following appropriation of the balance sheet result of CHF 142,715,029 (previous year: CHF 133,967,075):

| | | |
|---|------------|--------------------|
| Increase of general reserve fund: (10 % of the profit of the year) | CHF | 1,890,011 |
| Free reserve: | CHF | 139,330,018 |
| Dividend 2005: | CHF | 1,495,000 |
| Balance sheet result 2005 | CHF | 142,715,029 |

Geneva, 29th June 2006

The Chairman
of the Board of Directors

Dr. Thomas Blunck

The Chairman
of the Executive Board

Dr. Joachim Wenning



KPMG Fides Peat
Audit Financial Services
Badenerstrasse 172
CH-8004 Zurich

P.O. Box
CH-8026 Zurich

Telephone +41 44 249 31 31
Fax +41 44 249 23 19
Internet www.kpmg.ch

Report of the Statutory Auditors to the General Meeting of
New Reinsurance Company, Geneva

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of New Reinsurance Company for the year ended 31 December 2005.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

KPMG Fides Peat

Bill Schiller
Chartered Accountant
Auditor in Charge

ppa Tanja Utesch
Chartered Accountant (SA)

Zurich, 31 March 2006

Enclosure:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

New Reinsurance Company

Rue de l'Athénée 6-8, Case postale 3504, CH-1211 Genève 3, Switzerland

Tel. +41 22 31 98 500, Fax +41 22 31 05 332

www.newre.com