

GLOBALE RÜCKVERSICHERUNGS

FINANCE ALPHA B.V.

Amsterdam, the Netherlands

ANNUAL REPORT 2007



KPMG Audit
Document to which our report dated

25 JAN 2009

also refers.

Initials for identification purposes
KPMG Accountants N.V.

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

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GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Management Board Report

The Management herewith submits the annual accounts for the financial year ended 31 December 2007 of Globale Rückversicherungs Finance Alpha B.V. (hereinafter "The Company").

Overview of activities

The principal activities of the Company consist of issuing bonds and notes and financing of group entities. The bonds are listed at the Luxembourg Stock Exchange.

As of 31 December 2007 the bonds issued to third parties amounted to EUR 10,220,000 (31 December 2006: EUR 49,770,000).

As from the financial year 2003 both the interest receivable on the loan and the interest payable on the bond were deferred. As of 31 December 2007 the deferred interest receivable amounts to EUR 4 million and the deferred interest payable EUR 3.7 million.

As the Company is closely related to the parent company, due to its financing activities, the continuity of the parent company should be closely considered while judging the continuity of the Company.

Post balance sheet events

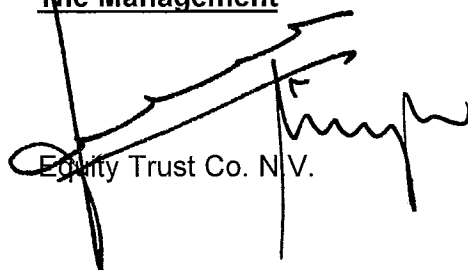
No major post-balance sheet events affecting the balance sheet have occurred until the date of the signing of the Management Board Report.

Future outlook

It is expected that the future activities of the Company will remain unchanged,

Amsterdam, 26 January 2009

The Management


Equity Trust Co. N.V.



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Globale Rückversicherungs Finance Alpha B.V.

Balance Sheet as at 31 December 2007
(before appropriation of results and expressed in Euros)

	<u>Notes</u>	<u>31 Dec 2007</u>	<u>31 Dec 2006</u>
FIXED ASSETS			
Financial fixed assets			
Loan to group entity	(3)	14,298,000	64,285,143
Prepaid expenses	(4)	600,140	765,837
Total fixed assets		<u>14,898,140</u>	<u>65,050,980</u>
CURRENT ASSETS			
Taxation	(5)	56,148	7,260
Cash at bank	(6)	19,295	251,807
Total current assets		<u>75,443</u>	<u>259,067</u>
CURRENT LIABILITIES			
Liabilities due to group entity	(7)	817,956	911,619
Taxation		0	926
Other liabilities		107,949	44,355
Total current liabilities		<u>925,905</u>	<u>956,900</u>
WORKING CAPITAL		<u>(850,462)</u>	<u>(697,833)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>14,047,678</u>	<u>64,353,147</u>
Less: LONG-TERM DEBT			
Bond and deferred interest	(8)	13,939,374	64,276,516
		<u>108,304</u>	<u>76,631</u>
CAPITAL AND RESERVES			
	(9)		
Issued and paid up share capital		18,000	18,000
Share premium reserve		250,000	250,000
Retained earnings / (accumulated deficit)		(191,369)	(251,898)
Result for the financial year		31,673	60,529
		<u>108,304</u>	<u>76,631</u>



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Globale Rückversicherungs Finance Alpha B.V.

Profit and Loss Account for the year ended 31 December 2007 (expressed in Euros)

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
Interest income from loan to group entity		3,224,648	3,647,263
Interest expense on bond		(2,874,648)	(3,297,263)
Net interest income on loan/bond	(3)	350,000	350,000
Other interest expense on loan to group entity		(37,956)	(34,661)
Other interest income / (expense)		(1,372)	(6,673)
Net financial income (expense)		310,672	308,666
Amortisation expenses	(4)	(165,697)	(165,697)
Operating expenses		(104,716)	(60,028)
RESULT BEFORE TAXATION		40,259	82,941
Corporate income tax	(10)	(8,586)	(22,412)
RESULT AFTER TAXATION		31,673	60,529



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GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Notes to the accounts as at 31 December 2007

1. General

Globale Rückversicherungs Finance Alpha B.V. ("the Company"), a corporation with limited liability, having its statutory seat in Amsterdam, the Netherlands, was incorporated under the laws of the Netherlands on 27 March 2001. The Company is a 100% subsidiary of Globale Rückversicherungs AG, Cologne, Germany. Globale Beteiligungs GmbH, Munich, Germany is the Company's ultimate parent company.

The principal activities of the Company consist of issuing bonds and notes and financing of group entities (and acting as a service company to the shareholder).

As the Company is closely related to the parent company, due to its financing activities, the continuity of the parent company should be closely considered while judging the continuity of the Company.

2. Summary of principal accounting policies

(a) General

The accompanying accounts have been prepared in accordance with the provisions of EU Directives as implemented in Chapter 9, Book 2 of the Netherlands Civil Code.

(b) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the balance sheet when the Company:

- Has a legally right to set off the recognised amounts, and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(c) Other assets and liabilities

All other assets and liabilities are stated at face value, unless otherwise stated in the notes thereon.

(d) Impairments

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. Impairments are recognised as an expense in the income statement. For doubtful loans, a value adjustment is applied if necessary. Accrued interest and commissions are not shown as income in the case of doubtful receivables. This applies particularly to interest and commission not received on loans and advances to which a downward value adjustment has been applied.

(e) Determination of income

All income and expenses are calculated on the accrual basis.

(f) Prepaid expenses

Expenses related to the listing of the Bonds in Luxembourg are capitalised and amortised on a straight-line basis for ten years.



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Notes to the accounts as at 31 December 2007

2. Summary of principal accounting policies (Cont'd)

(g) Taxation

Corporate income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance sheet date.

3. Loan to group entity

The loan and interest to group entity can be specified as follows:
(expressed in Euros)

	2007	2006
Loans to group entities	10,220,000	49,770,000
Deferred interest	4,078,000	14,515,143
Balance as at 31 December	<u>14,298,000</u>	<u>64,285,143</u>

On 17 August 2001 a 6.875% loan was granted to Globale Rückversicherungs AG, for a total amount of EUR 170,000,000. The final date of maturity is 16 August 2021. As per the end of the year 2007 the remaining receivable amount is EUR 10,220,000.

The rights of the Company as a lender are defined by contract as subordinate. The contract is governed by the law of the Federal Republic of Germany. In line with the terms of the contract, Globale Rückversicherungs AG deferred payment of the interest payable on 16 August 2007 on the grounds that no dividend was paid.

The interest receivable of EUR 4,078,000 as of 31 December 2007 (31 December 2006: EUR 14,515,143) has been presented as a long term receivable.

In June 2004 the Company changed the terms of the loan to group entity. As a result, the interest rate on the outstanding loan to group entity has been decreased from 6.850% to 6.625%, plus a reimbursement for the margin on the finance activities. As compensation the Company will receive EUR 272,000 yearly, effective as from 1 January 2003. On 6 December 2006 the Company agreed with the shareholder to increase this annual reimbursement for the margin on the finance activities from EUR 272,000 to EUR 350,000. For the period 17 August 2011 till 17 August 2021 the interest rate will be floating.

The interest on the loan to group entity is payable for a period equivalent to the period for which interest is payable on the bonds. Both the interest receivable on the loan and the interest payable on the bond were deferred.



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Notes to the accounts as at 31 December 2007

4. Prepaid expenses

The movements in the prepaid expenses are as follows:
(expressed in Euros)

	2007	2006
Beginning of year	765,837	931,534
Amortization	(165,697)	(165,697)
End of year	<u>600,140</u>	<u>765,837</u>
Long-term position	434,443	600,140
Short-term position	<u>165,697</u>	<u>165,697</u>
	<u>600,140</u>	<u>765,837</u>

5. Taxation

This item can be summarised as follows: (expressed in Euros)

	2007	2006
Balance as at 1 January	7,260	2,250
VAT	5,897	5,010
CIT 2006	28,999	-
CIT 2007	<u>13,992</u>	<u>-</u>
Balance as at 31 December	<u>56,148</u>	<u>7,260</u>

6. Cash at bank

The cash at bank is at the free disposal of the Company

7. Liabilities due to group entity

The liabilities due to group entity represent an amount due to the shareholder, Globale Rückversicherungs AG. The interest rate during the year under review is 4.85% (2006: 4.85%).



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Notes to the accounts as at 31 December 2007

8. Bond and deferred interest

The movements in bond and deferred interest can be summarized as follows:
(expressed in Euros)

	2007	2006
Bonds	10,220,000	49,770,000
Deferred interest	3,719,374	14,506,516
Total	13,939,374	64,276,516

Bond

This item represents the guaranteed Step-up Fixed/Floating Rate Bonds due in 2021. The effective rate during the year under review is 6.6250%. The interest amounts will be paid on 16 August of each year.

The bonds will have a fixed interest rate for the first 10 years (until 17 August 2011). During the period 17 August 2011 until 17 August 2021 the interest rate will be floating.

The bonds have the benefit of an irrevocable unconditional subordinated guarantee given by Globale Rückversicherungs AG for the payment of principal, interest and other amounts payable by the issuer of bondholders.

The obligations of the issuer under the bond constitute unsecured and subordinated obligations ranking with all other subordinated obligations of the issuer. In the event of the dissolution, liquidation, bankruptcy, composition or other proceedings for the avoidance of bankruptcy of or against, the Issuer, such obligations shall be subordinated to the claims of all unsubordinated creditors of the Issuer so that in any such event no amount shall be payable under such obligations until the claim of all subordinated creditors of the Issuer shall have been satisfied in full.

The original amount of the issue was EUR 220,000,000. In the period from the issue date until 31 December 2007 Globale Rückversicherungs AG acquired bonds to an amount of EUR 209,780,000 (31 December 2006: EUR 170,230,000).

The Company entered into several so-called set off agreements, which will be recorded as repayments of the loan to group entity.

(expressed in Euros)

	2007	2006
Original nominal value of Bonds issued	220,000,000	220,000,000
Bonds held by Globale Rückversicherungs AG	(209,780,000)	(170,230,000)
Bonds held by third parties	10,220,000	49,770,000



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Notes to the accounts as at 31 December 2007

Deferred interest

Due to the lack of distributable profits no dividend has been declared in respect of any class of shares of Globale Rückversicherungs AG, the guarantor of the bond, for the year 2007. Consequently, the Company made use of its contractual right to defer interest payments pursuant to the terms and conditions of the bond. As a result, the interest payable on the bond amounts to EUR 3,719,374 as of 31 December 2007 (31 December 2006: EUR 14,506,516) has been presented as a long-term liability.

9. Capital and reserves

The authorised share capital consists of 900 shares (31 December 2006: 900) of EUR 100 each as at the balance sheet date. As at 31 December 2007 180 (31 December 2006: 180) shares were issued and fully paid up.

The movements in capital and reserves can be summarized as follows:

(expressed in Euros)

	<u>2007</u>	<u>2006</u>
Share capital (unchanged)	<u>18,000</u>	<u>18,000</u>
Share premium reserve		
Beginning of year	250,000	0
Capital contribution	0	250,000
End of year	<u>250,000</u>	<u>250,000</u>
Retained earnings / (accumulated deficit)		
Beginning of year	(251,898)	(147,860)
Appropriated result previous year	60,529	(104,038)
End of year	<u>(191,369)</u>	<u>(251,898)</u>
Result for the year	<u>31,673</u>	<u>60,529</u>
Total capital and reserves	<u><u>108,304</u></u>	<u><u>76,631</u></u>

10. Corporate income tax

The Company has applied the standard ruling rates as published by the Dutch tax authorities for calculating the taxable income on its intra group financing activities. The taxable amount is fixed at a percentage of 1/8% of the total outstanding debt, which is listed at the Luxembourg Stock Exchange. This ruling has ended on 1 January 2006. The tax amount for the financial year 2007 and future years will depend on the actual taxable amount of these years. In 2007 the corporate income tax liability for the Company amounts to EUR 8,586 (2006: EUR 22,412).



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Notes to the accounts as at 31 December 2007

11. Employees

The Company has no employees and hence incurred no wages, salaries and related social security charges during the year under review or the previous year.

12. Related party transactions

During the financial year 2007 Equity Trust Co. N.V. managed the Company. This company is a related party, as defined in the Dutch Guidelines for annual accounts. In 2007, Equity Trust Co. N.V. charged EUR 16,379 (2006: EUR 20,891) for management fee and out-of-pocket expenses. As at 31 December 2007, the outstanding liability for Equity Trust Co. N.V. amounts to EUR 3,025.

Amsterdam, 26 January 2009

The Management

Equity Trust Co. N.V.



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GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Supplementary information

Retained earnings

Article 20 of the Articles of Association provides that the result established shall be at the disposal of the General Meeting of Shareholders. If and to the extent that a loss sustained in any fiscal year is not recovered from a reserve or made up in some other way, no distribution of profit shall be made in subsequent years as long as such loss has not been recovered. Article 20 of the Articles of Association also provides that, insofar as there is a profit in the Company, The Board of Directors may declare an interim dividend.

Post balance sheet events

No post-balance sheet events affecting the balance sheet have occurred until the date of the signing of the Management Board Report.

Appropriation of the result

The Board of Management proposes to transfer the profit to the retained earnings and furthermore proposes that no dividend will be declared and paid.

Auditor's report

The auditor's report is set forth on the following pages.



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To: GLOBALE Rückversicherungs Finance Alpha B.V.
Strawinskylaan 3105
1077 ZX Amsterdam
The Netherlands

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2007 of GLOBALE Rückversicherungs Finance Alpha B.V., Amsterdam, which comprise the balance sheet as at 31 December 2007, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GLOBALE Rückversicherungs Finance Alpha B.V. as at 31 December 2007, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 26 januari 2009

KPMG ACCOUNTANTS N.V.



F.J.J. Glorie RA

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