

GLOBALE RÜCKVERSICHERUNGS

FINANCE ALPHA B.V.

Amsterdam, the Netherlands

ANNUAL REPORT 2008

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

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GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Responsibility Statement

The Management of Globale Rückversicherungs Finance Alpha B.V. (hereinafter "the Company") wish to state that to our knowledge:

1. The 2008 financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Company;
2. The Management Board Report gives a true and fair view of the Company's position as per 31 December 2008 and the developments during the financial year 2008;
3. The Management Board Report describes the material risks the issuer is facing.

Amsterdam, 8 June 2009

The Management

Equity Trust Co. N.V.

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Management Board Report

The Management herewith submits the annual accounts for the financial year ended 31 December 2008 of Globale Rückversicherungs Finance Alpha B.V. (hereinafter "the Company").

Overview of activities

The Company is a limited liability company incorporated under the laws of the Netherlands and has its statutory seat in Amsterdam, the Netherlands.

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. During the year under review the Company achieved a loss before taxation of EUR 56,097 (2007: EUR 38,594).

As of 31 December 2008 the bonds issued to third parties amounted to EUR 8,650,000 (31 December 2007: EUR 10,220,000).

As from the financial year 2003, both the interest receivable on the loan and the interest payable on the bond have been deferred. As at 31 December 2008 the deferred interest receivable amounts to EUR 4.4 million (2007: EUR 4.0 million) and the deferred interest payable amounts to EUR 3.7 million (2007: EUR 3.7 million).

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

Financial risk management

The Company's activities expose it primarily to market risks. Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Corporate Risk function of the parent company provides services to manage the financial risk relating to the Company's operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. The Company manages market risk by stratifying the portfolio and imposing limits.

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. The Company does not run any currency risk, as the Company does not use any other currency than euros.

Interest risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position and cash flows. Interest rate exposure on the debt is fully mitigated by the lending of these amounts to Globale Rückversicherungs-AG with matching terms.

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Management Board Report

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company's credit risk is predominantly with Globale Rückversicherungs-AG. The Company has not entered into any other transactions that might generate credit risk.

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, 8 June 2009

The Management

Equity Trust Co. N.V.

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Balance Sheet as at 31 December 2008
(before appropriation of results and expressed in euros)

	<u>Notes</u>	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
FIXED ASSETS			
Financial fixed assets			
Loan to group entity	(3)	13,091,959	14,298,000
Total fixed assets		<u>13,091,959</u>	<u>14,298,000</u>
CURRENT ASSETS			
Taxation (VAT receivable)	(4)	0	13,157
Taxation (CIT receivable)	(4)	24,292	42,991
Cash at bank	(5)	35,449	19,295
Total current assets		<u>59,741</u>	<u>75,443</u>
CURRENT LIABILITIES			
Liabilities due to group entity	(6)	959,776	817,956
Taxation		58,796	0
Other liabilities		43,430	107,949
Total current liabilities		<u>1,062,002</u>	<u>925,905</u>
WORKING CAPITAL		<u>(1,002,261)</u>	<u>(850,462)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,089,698	13,447,538
Less: LONG-TERM DEBT			
Bond and deferred interest	(7)	<u>12,105,290</u>	<u>13,407,051</u>
Net assets		<u>(15,592)</u>	<u>40,487</u>
CAPITAL AND RESERVES	(8)		
Issued and paid up share capital		18,000	18,000
Share premium		250,000	250,000
Accumulated deficit		(227,513)	(188,919)
Result for the year		(56,079)	(38,594)
Total capital and reserves		<u>(15,592)</u>	<u>40,487</u>

Globale Rückversicherungs Finance Alpha B.V.

Profit and Loss Account for the year ended 31 December 2008 (expressed in euros)

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
Effective interest rate amortisation		(254,279)	(235,964)
Interest income from loan to group entity		923,063	3,224,648
Interest expense on bond		(573,063)	(2,874,648)
Net interest income on loan/bond		95,721	114,036
Other interest expense on loan to group entity		(41,820)	(37,956)
Other interest income		2,387	1,082
Other interest (expense)		(4,761)	(2,454)
Net financial income (expense)		51,527	74,708
Operating expenses	(9)	(107,606)	(104,716)
RESULT BEFORE TAXATION		(56,079)	(30,008)
Corporate income tax	(10)	0	(8,586)
RESULT AFTER TAXATION		(56,079)	(38,594)

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Cash Flow Statement for the year ended 31 December 2008

(expressed in euros)

	<u>Notes</u>	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
Cash flow from operating activities			
Result after taxation		(56,079)	(38,594)
<i>Adjusted for non cash movements:</i>			
Amortisation on bonds		254,279	235,964
Interest income from loan to group entity		(923,063)	(3,224,648)
Interest expense on bonds		573,063	2,874,648
<i>Movements in working capital</i>			
(Increase)/decrease in tax receivable		31,856	(48,888)
Increase/ (decrease) in liabilities due to group entities		141,820	(93,663)
Increase/(decrease) in tax payable		58,796	(926)
Increase/(decrease) in other liabilities		(64,518)	63,595
Net cash flow from operating activities		16,154	(232,512)
 NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		 16,154	 (232,512)
Balance as at 1 January		19,295	251,807
 Balance as at 31 December		 35,449	 19,295

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Notes to the accounts as at 31 December 2008

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 and included in its consolidated financial statements. The financial statements are available at <http://www.globalre.com>. 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 Chapter 9, Book 2 of the Netherlands Civil Code.

(b) Financial instruments and change in accounting policies

Financial instruments include loans payable, loans receivable and amounts owed to and from group companies. Until 1 January 2008 financial instruments were carried at nominal value. Accordingly, receivables are valued at nominal value less a bad debt provision, if necessary.

As of 1 January 2008 financial instruments are recognised at amortised cost using the effective interest method, including directly attributable transactions costs less impairment losses. Changes in the amortised cost are recognised in the profit and loss account. For the year 2008 the changes in amortised cost amounted to a loss of EUR 88,582 (2007: EUR 70,267).

The reason for the change accounting principles is the application of the revised Dutch guideline for annual reporting 290 'financial instruments', as of 1 January 2008. The comparative figures for 2007 have been amended accordingly, whereby the result of this change in accounting principle has been recognised in capital and reserves. For the year 2007 an amount of EUR 2,451 has been credited to the accumulated deficit in the comparable figures.

(c) Assets and liabilities

As of 1 January 2008 financial instruments are initially recognised at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortised cost using the effective interest method, less impairment losses.

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Notes to the accounts as at 31 December 2008

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

(d) 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 legal 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.

(e) Other assets and liabilities

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

(f) Cash Flow Statement

The cash flow statement has been prepared using the indirect method. The cash and cash equivalents disclosed in the cash flow statement are comprised of cash and cash equivalents and bank overdrafts included in current liabilities. Cash flows denominated in foreign currencies have been translated at average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in net cash from operating activities. Dividends paid are included in net cash used in financing activities.

(g) 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.

(h) Determination of income

All income and expenses are calculated on the accrual basis.

(i) 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.

(j) Going concern

The accounts have been drawn up under the assumption that the Company will continue to exist. In this respect, the shareholder has confirmed its intention to continue financial support to the Company to enable it to operate as a going concern and to meet at least its financial obligations.

Globale Rückversicherungs Finance Alpha B.V.

Notes to the accounts as at 31 December 2008

3. Loan to group entity

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

	<u>2008</u>	<u>2007</u>
Loan to group entity	8,650,000	10,220,000
Deferred interest	4,441,959	4,078,000
Balance as at 31 December	<u>13,091,959</u>	<u>14,298,000</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 2008 the remaining amount receivable is EUR 8,650,000.

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 2008 on the grounds that no dividend was paid.

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 2.25% per annum over the European Interbank offered rate for three months deposits in euro ("EURIBOR").

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 are deferred.

The interest receivable of EUR 4,441,959 as of 31 December 2008 (31 December 2007: EUR 4,078,000) has been presented as a long term receivable.

The movements in loan to group company can be summarised as follows: *(expressed in euros)*

	<u>2008</u>	<u>2007</u>
Balance as at 1 January	10,220,000	49,770,000
Repayment by means of a set off agreement with Globale Rückversicherungs AG - Cologne	(1,570,000)	(39,550,000)
Balance as at 31 December	<u>8,650,000</u>	<u>10,220,000</u>

Globale Rückversicherungs Finance Alpha B.V.

Notes to the accounts as at 31 December 2008

4. Taxation

The taxation receivable can be summarised as follows: *(expressed in euros)*

	<u>2008</u>	<u>2007</u>
VAT receivable	0	13,157
Balance as at 31 December	<u>0</u>	<u>13,157</u>
CIT 2006 receivable	0	28,999
CIT 2007 receivable	13,992	13,992
CIT 2008 receivable	10,300	0
Balance as at 31 December	<u>24,292</u>	<u>42,991</u>

5. Cash at bank

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

6. Liabilities due to group entity

The liabilities due to group entity represent an unsecured loan due to the shareholder, Globale Rückversicherungs AG. The interest rate during the year under review is 4.85% (2007: 4.85%). The maturity date of the loan is 20 August 2009 and is therefore considered short term.

The movements in liabilities due to group entity can be summarised as follows: *(expressed in euros)*

	<u>2008</u>	<u>2007</u>
Balance as at 1 January	817,956	911,619
Movements in principle amount	100,000	(49,820)
Interest repayment during the year	0	(81,799)
Interest income for the year	41,820	37,956
Balance as at 31 December	<u>959,776</u>	<u>817,956</u>

GLOBALE RÜCKVERSICHERUNGS FINANCE ALPHA B.V.

Notes to the accounts as at 31 December 2008

7. Bond and deferred interest

The bond and deferred interest can be summarised as follows: *(expressed in euros)*

	2008	2007
Nominal value of bonds issued	8,650,000	10,220,000
Cumulative effective interest amortisation	(278,044)	(532,323)
Recorded value of bonds issued	8,371,956	9,687,677
Deferred interest	3,733,334	3,719,374
Total	12,105,290	13,407,051

Bond

This item represents the guaranteed Step-up Fixed/Floating Rate Bonds due in 2021. The nominal 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). For the period 17 August 2011 till 17 August 2021 the interest rate will be 2.25% per annum over the European Interbank offered rate for three months deposits in euro ("EURIBOR").

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 of the bond was EUR 220,000,000. In the period from the issue date until 31 December 2008, Globale Rückversicherungs AG has acquired bonds to an amount of EUR 211,350,000 (31 December 2007: EUR 209,780,000). The fair value of the bond on the Luxembourg Stock Exchange is EUR 7,222,750 (31 December 2007: EUR 6,528,536).

The Company entered into several so-called set off arrangements on the principle amount and interest incurred on the loan with Globale Rückversicherungs AG, which will be recorded as repayments of the loan to group company.

Globale Rückversicherungs Finance Alpha B.V.

Notes to the accounts as at 31 December 2008

Bond and deferred interest (continued)

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

	<u>2008</u>	<u>2007</u>
Original nominal value of Bonds issued	220,000,000	220,000,000
Bonds held by Globale Rückversicherungs AG	(211,350,000)	(209,780,000)
Bonds held by third parties	<u>8,650,000</u>	<u>10,220,000</u>

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 2008. 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 3,733,334 as of 31 December 2008 (31 December 2007: EUR 3,719,374) has been presented as a long-term liability.

8. Capital and reserves

The authorised share capital consists of 900 shares (31 December 2007: 900) of EUR 100 each as at the balance sheet date. As at 31 December 2008 180 (31 December 2007: 180) shares were issued and fully paid up.

The movements in capital and reserves can be summarised as follows: (*expressed in euros*)

	<u>2008</u>	<u>2007</u>
Share capital (unchanged)	<u>18,000</u>	<u>18,000</u>
Share premium reserve (unchanged)	<u>250,000</u>	<u>250,000</u>
Accumulated deficit		
Beginning of year	(188,919)	(251,898)
Appropriated result previous year	(38,594)	60,528
Change in accounting principle (see Note 2.b)	0	2,451
Accumulated deficit (end of year)	<u>(227,513)</u>	<u>(188,919)</u>
Result for the year	<u>(56,079)</u>	<u>(38,594)</u>
Total capital and reserves	<u>(15,592)</u>	<u>40,487</u>

Globale Rückversicherungs Finance Alpha B.V.

Notes to the accounts as at 31 December 2008

9. Operating expenses

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

	<u>2008</u>	<u>2007</u>
Bank charges	(43)	(239)
General expenses	(6,193)	(279)
Management/bookkeeping fee	(16,937)	(16,379)
Management out-of-pocket expenses	(650)	(166)
Audit fees	(26,000)	(27,500)
Tax advisory fees	(3,937)	(60,153)
Legal fees	0	0
VAT previous years	(54,035)	0
Other income	189	0
Operating expenses	<u>(107,606)</u>	<u>(104,716)</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 2008 the corporate income tax liability for the Company amounts to EUR 8,039 (2007: EUR 8,586).

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

Equity Trust Co. N.V., Amsterdam, the Netherlands, acts as Managing Director for the Company. During the year under review, *Equity Trust Co. N.V.* also rendered corporate secretarial and administrative services to the Company.

Transactions and balances with the ultimate parent company are disclosed in notes 3 and 6.

13. Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. to the Company:

Globale Rückversicherungs Finance Alpha B.V.

Notes to the accounts as at 31 December 2008

Fees of the auditor (continued)

This items can be summarised as follows: *(expressed in euros)*

	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
	<u>2008</u>	<u>2008</u>	<u>2008</u>
Statutory audit of annual accounts	26,000	0	26,000
Tax advisory services	0	36,349	36,349
Operating expenses	<u>26,000</u>	<u>36,349</u>	<u>62,349</u>
	KPMG Accountants N.V.	Other KPMG member firms and affiliates	Total KPMG
	<u>2007</u>	<u>2007</u>	<u>2007</u>
Statutory audit of annual accounts	20,000	0	20,000
Tax advisory services	0	30,153	30,153
Operating expenses	<u>20,000</u>	<u>30,153</u>	<u>50,153</u>

Amsterdam, 8 June 2009

The Management

Equity Trust Co. N.V.

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 loss to the accumulated deficit 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.

To: the Management of GLOBALE Rückversicherungs Finance Alpha B.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements of GLOBALE Rückversicherungs Finance Alpha B.V., Amsterdam, which comprise the balance sheet as at 31 December 2008, the profit and loss account and cash flow statement 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 2008, 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 f 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.

Amstelveen, 8 June 2009

KPMG ACCOUNTANTS N.V.

E. Michels RA