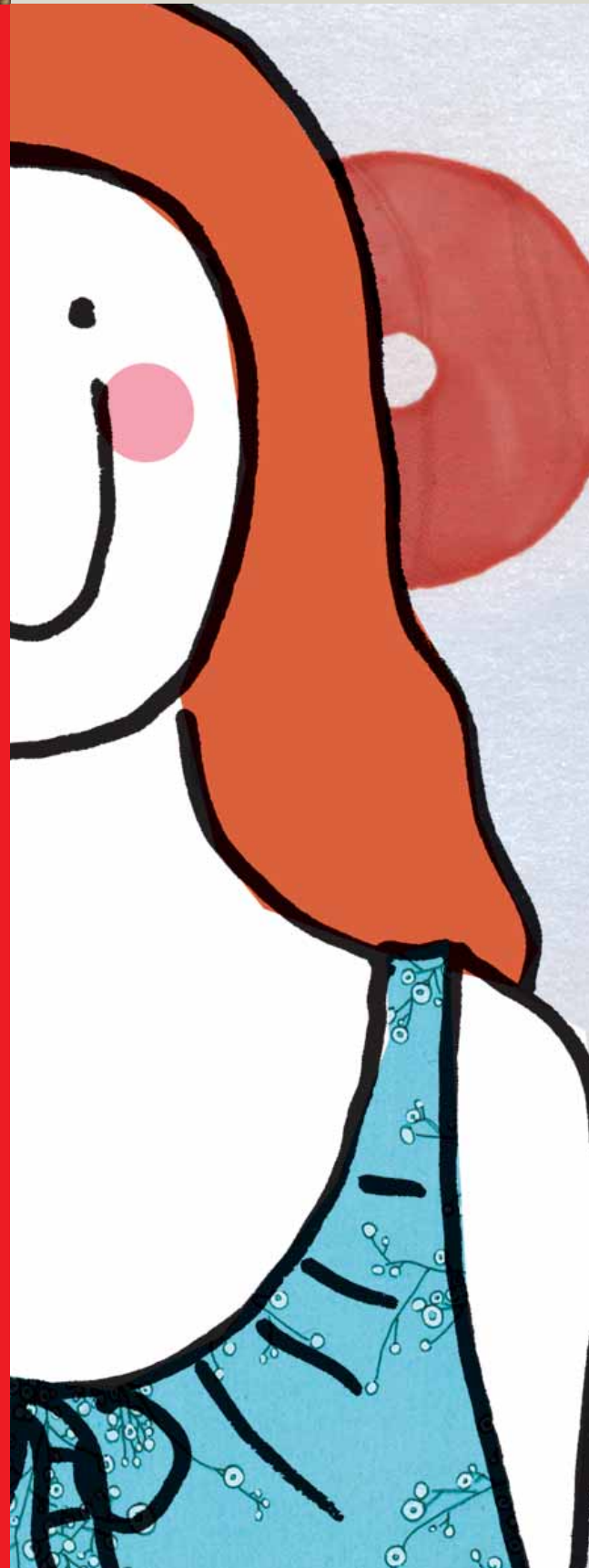




*Letter to the
Shareholders
First Half 2000*



Dear shareholder:

The most important developments in the 1st Half of 2000 were as follows:

1. Premium income in Life insurance rose sharply;
2. Premium income in Auto insurance stabilized;
3. There was an increase in losses in Fire insurance and Storm insurance.

This report for the 1st Half of 2000 contains information about Wiener Städtische Allgemeine Versicherung Aktiengesellschaft and the Wiener Städtische group.

The Board of Management
WIENER STÄDTISCHE
ALLGEMEINE VERSICHERUNG
AKTIENGESELLSCHAFT

Wiener Städtische AG in the 1st Half of 2000

in ATS million	1st Half of 2000	Change relative to '99		1st Half of 2000	Change relative to '99
Earned premiums (direct insurance)	9,313	+ 5.4%	Expenditures on benefits	7,425	+ 2.8%
Property & Casualty	3,978	+ 1.9%	Operating expenses	2,443	+ 8.3%
Health	1,659	+ 2.9%	Financial result	2,009	- 18.3%
Life	3,676	+ 10.7%	Total investments	87,048	+ 3.7%*

* Change relative to December 31, 1999

Premium income rose by 5.4%. Property & Casualty accounted for 42.7%, Life for 39.5% and Health for 17.8% of this ('99 figures: Property & Casualty: 44.2%; Life: 37.6%; Health: 18.2%). During the 1st Half of 2000, **benefits paid** rose by 2.8% relative to the comparable period in 1999. This was mainly due to large and medium-sized losses in Fire insurance and losses associated with natural disasters (storm and hail events).

Although we stepped up our advertising activities and investments in data processing systems, we only incurred **total costs** of ATS 1,933 million, i.e. 0.3% less than in the comparable period in 1999. This was largely thanks to a drop in personnel costs, which fell by 1.8%, to ATS 1,143 million, as a result of age-related retirements.

Total investments increased by 3.7% relative to December 31, 1999, to ATS 87,048 m. The securities segment and the participating interests segment posted the biggest gains (5.5% and 16.4% respectively). This was mainly thanks to the Friedrichscarree real estate project and the acquisition of *Allg. Bau Porr* and *Union Biztosito*.

Property & Casualty

in ATS million	1st Half of 2000	Change relative to '99	in ATS million	1st Half of 2000	Change relative to '99
Premiums in auto divisions	1,477	+ 0.6%	Total earned premiums	3,978	+ 1.9%
Premiums in non-auto divisions	2,501	+ 2.7%	Claims incurred (primary insurance)	3,315	+ 8.6%

Premium income in **Auto** insurance stabilized – in fact it rose by 0.6%, as rates were modified and there was an increase in the number of policies. In light of this growth in premium income, we have increased our forecast for 2000 as a whole by ATS 58 million.

On the other hand, the loss ratio in comprehensive auto insurance rose considerably relative to the comparable period in 1999, due to claims arising from natural disasters (hail and storm).

The 4% increase in the loss ratio in the **Non-auto divisions** mainly stemmed from Fire insurance (+ 8 percentage points) and Storm Damage insurance (+ 9.1 percentage points).

Life

in ATS million	1st Half of 2000	Change relative to '99
Earned premiums	3,676	+ 10.7%
Regular premiums	2,361	+ 6.6%
One-time payment	1,315	+ 18.9%
Benefits paid	2,418	- 4.3%
Change in premium reserve	1,370	+ 43.5%

Health

in ATS million	1st Half of 2000	Change relative to '99
Earned premiums	1,659	+ 2.9%
Benefits paid	1,693	+ 3.0%

The surge in premium income in Life insurance can be attributed to the sharp increase in fund-linked life insurance. New business in regular-premium fund-linked life insurance rose by 484.2%, while new business in one-time-payment fund-linked life insurance rose by 508.4%. However, new business in the classic life insurance divisions fell.

Benefits paid fell by 4.3% relative to the comparable period in 1999. This was because substantial endowment payments associated with maturing policies sold in the 1980s had a significant impact in the 1st Half of '99.

In Health insurance, the new add-on package worldwideMED proved very popular. The product was launched in mid-June, and by August 1st we had already sold 1,748 policies with annual premiums totaling ATS 4.1 million. By the end of the year we hope to sell a total of 5,000 policies with annual premiums about ATS 11.5 million.

New business in Health insurance rose by 7% in the first six months of 2000, to ATS 91 million.

The 3% increase in benefits paid was largely due to a significant increase in the number of benefit cases. In the 1st Half of 2000, the number of benefit cases rose by about 4,000 relative to the comparable period in 1999.

The Wiener Städtische Group in the 1st Half of 2000

Participating Interests in Austria

in ATS million	Premiums written, 1st Half of 2000	Change relative to '99	Non-life, 1st Half of 2000	Change relative to '99	Life, 1st Half of 2000	Change relative to '99
Donau*	3,616	+ 5.2%	2,600	+ 8.5%	1,016	- 2.6%
VJV	1,777	+ 13.3%	940 **	- 3.3%	836	+ 40.0%
Union	1,693	+ 21.8%	28	+ 12.0%	1,665	+ 22.0%
CA Versicherung	997	+ 69.8%	4	0.0%	993	+ 70.3%
Montan	186	+ 48.8%	186	+ 48.8%	-	-

* including Sun Alliance (ATS 158.5 million)

** including ATS 43 million in Health insurance

Participating Interests Abroad

in ATS million	Premiums written, 1st Half of 2000	Change relative to '99	Non-life, 1st Half of 2000	Change relative to '99	Life, 1st Half of 2000	Change relative to '99
Kooperativa (Slovakia)	420	+ 34.6%	332	+ 32.4%	88	+ 43.6%
Kooperativa (Czech Republic)***	2,512	+ 74.9%	2,303	+ 75.6%	208	+ 66.9%
Heros	156	+ 14.2%	156	+ 14.3%	0	-
Union	52	+ 6.7%	9	+ 18.8%	44	+ 5.2%
InterRisk****	577	+ 3.5%	324	+ 4.5%	253	-
WS osiguranje	2	*****	0	-	2	-
WS Italien	3	*****	0	-	3	-

*** including premiums from auto third party liability insurance operations, which opened for business on January 1, 2000

**** including InterRisk Lebensversicherungs-AG

***** just recently founded Wiener Städtische osiguranje (in Croatia) and Wiener Städtische Italy

In the 1st Half of 2000, the Wiener Städtische group posted consolidated* premium income of ATS 19,692 million, an increase of 15.0%. Within Austria, group companies posted consolidated premium income of ATS 15,970 million, an increase of 7.4%. Premium income generated by foreign subsidiaries rose by 65.9% relative to the comparable period in 1999, to ATS 3,722 million.

At the beginning of May, the Wiener Städtische group acquired Futura Lebensversicherung AG, Frankfurt am Main from Generali Lloyd, via our subsidiary InterRisk. The company, which has been renamed InterRisk Leben, posted premium income of ATS 516 million in 1999 and has specialized in term insurance for some time.

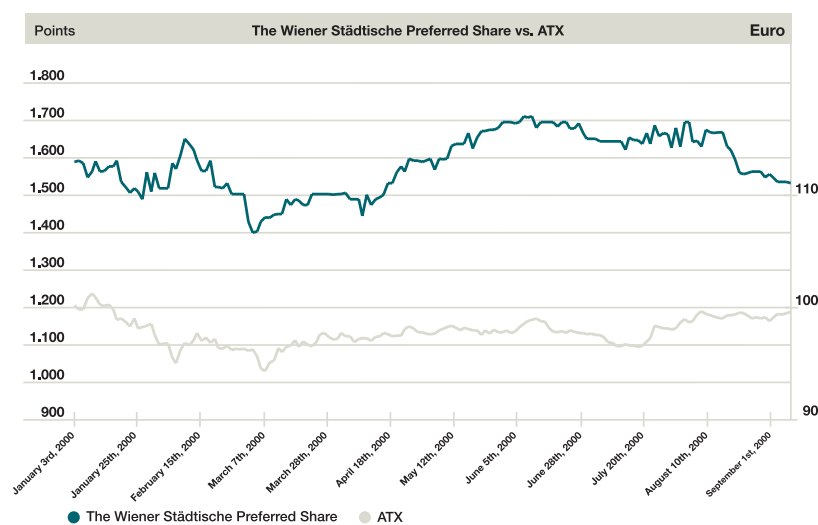
At the beginning of September, our Polish operations were expanded to include the Life division. Our newly founded subsidiary Vienna Life, in which the European Bank for Reconstruction and Development will take a 10% participating interest, hopes to become one of the leading life insurers in Poland's rapidly growing market for provision products (Poland has a population of 40 million).

* Consolidation is based on the premiums written and participating interests of the current year.

The Wiener Städtische Preferred Share

The Wiener Städtische preferred share is listed at the Vienna Stock Exchange. In the first half of 2000 it fared well (in distinct contrast to the ATX), rising to EUR 115 (price on 30 June 2000). Thus after Q2 it was up 2.3% relative to its price on December 31, 1999 (EUR 112.4). By contrast, the ATX fell by 5.7% during the same period.

Holders of preferred stock received a dividend of EUR 2.18 per share for the 1999 business year. Both groups of common stockholders received a dividend of EUR 1.31 per share.



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