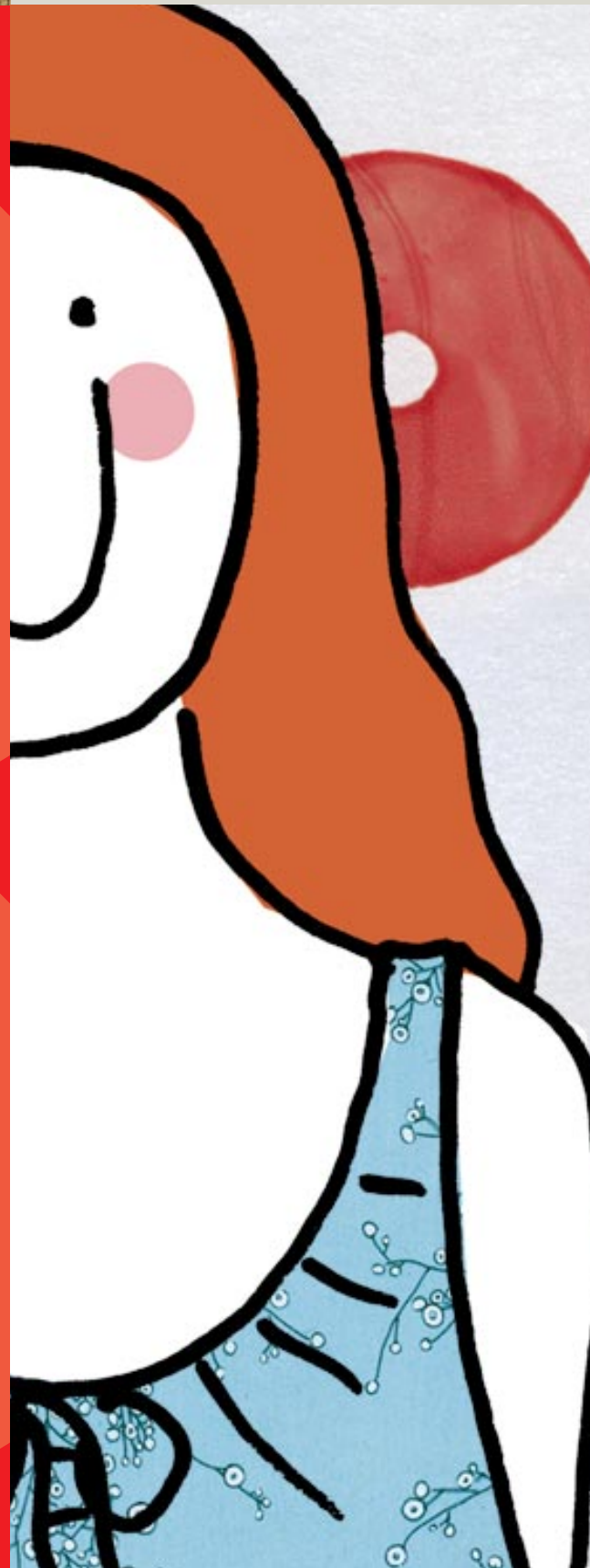




*Letter to the  
Shareholders  
1st Quarter of 2000*



## Dear Shareholder:

Just as in 1999, when premium income in domestic operations rose sharply, Wiener Städtische AG fared well once again in Q1/2000. At the group's foreign subsidiaries, premium income rose 64.5%.

This excellent start to the year happened largely thanks to Kooperativa Prague: It doubled its premium income in Q1/2000 by entering the third party liability market, which was privatized at the beginning of the year.

Various investor relations events will be held at the end of May and the beginning of June, abroad as well as in Austria. They will offer an opportunity for the Board of Management to report on the 1999 business year and Q1/2000.

This report for Q1/2000 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 Q1/2000

in ATS million	Q1/2000	Change related to '99	in ATS million	Q1/2000	Change related to '99
Earned premiums (direct insurance)	4,788	+ 3.8%	Expenditures on benefits	3,975	+ 19.0%
Property & Casualty	2,073	+ 2.9%	Operating expenses	1,270	+ 0.4%
Health	797	+ 2.3%	Financial result	1,033	- 7.9%
Life	1,918	+ 5.3%	Total investments	85,128	+ 1.4% *

\* Change relative to December 31, 1999

Of the 3.8% increase in premium income, property & casualty accounted for 43.3%, life for 40.1% and health for 16.6% (1999: property & casualty: 43.7%; life: 39.5%; health: 16.9%). In Q1/2000, benefits paid rose 19% relative to the comparable period in '99.

The increase in commissions (+ 24.6%) was partly due to the increase in new business, and partly to the fact that we have stepped up efforts to sell via brokers.

In the area of data processing costs, the costs of maintenance and auxiliary equipment and rental payments for WISAS equipment rose. However, the drop in data processing center costs more than made up for this. Operating expenditures fell, for two reasons: First, collection commissions fell, as we have moved over to an electronic system. Second, vehicle registration operations reported revenue for the first time, which thus offset expenditures. As a result, costs fell 2.5% relative to 1999, to ATS 971 million.

As of March 31, 2000, Wiener Städtische employed a total of 3,988 **people**, i.e. 42 fewer than on December 31, 1999.

**Total investments** rose 1.4% relative to December 31, 1999, to ATS 85,128 million. In Q1/2000, ordinary investment income rose 4.5% relative to Q1/1999, to ATS 786 million. This increase in the operating result was largely thanks to an increase in income from participating interests. Ordinary income from securities fell slightly in Q1/2000. This was partly due to the fact that the average return from the bond portfolio is falling.

## Property & Casualty

in ATS million	Q1/2000	Change related to '99	in ATS million	Q1/2000	Change related to '99
Premiums in auto divisions	742	- 3.1%	Total earned premiums	2,073	+ 2.9%
Premiums in non-auto divisions	1,331	+ 6.5%	Claims incurred (primary insurance)	1,761	+ 35.2%

Premium income rose 8.4% in the third party liability insurance division and 11.3% in the legal expenses insurance division, as a major deal was signed. The surge in the legal expenses insurance division was thanks to the fact that index and valuation modifications amounting to 5% have been made on an ongoing basis since January 1, 2000.

Large-scale and repetitive losses in fire insurance were largely to blame for the increase in effective losses.

The auto divisions also experienced an 11.8% increase in claims incurred in primary insurance, largely due to the increase within collision damage insurance operations (+23.1%). In third party liability insurance, the number of claims rose only slightly, by 1.7%, but in collision damage insurance they leapt 18.1%.

## Life

in ATS million	Q1/2000	Change related to '99
Earned premiums	1,918	+ 5.3%
Regular premiums	1,218	+ 5.9%
One-time payments	700	+ 3.5%
Benefits paid	1,350	+ 10.1%
Change in premium reserve	618	- 3.5%

## Health

in ATS million	Q1/2000	Change related to '99
Earned premiums	797	+ 2.3%
Benefits paid	864	+ 6.5%

Following the dramatic surges in life insurance in 1999, premium income rose a further 5.3%, to ATS 1,918 million. This was solely due to our successful sales efforts in fund-linked life insurance. Premiums written in fund-linked life insurance grew more than ten-fold relative to Q1/1999, to ATS 154 million. One-time payments accounted for ATS 135 million of that.

Benefits paid rose 10%, due to factors relating to policy expiration.

Impressive sales of our *Besser Leben* and *Bonus neu* products were the driving force behind growth in premium income in health insurance operations. The rate modifications carried out in February (average change: 3.8%) essentially won't have any impact on results until the next few quarters.

The sharp percentage increase in benefits paid (+ 6.5%) was due to an ATS 50 million key-date-related increase in claims paid.

## The Wiener Städtische Group in Q1/2000

in ATS million	Q1/2000	Change related to '99	in ATS million	Q1/2000	Change related to '99
Wiener Städtische	6,025	+ 3.0%	Kooperativa (SK)	224	+ 30.3%
Donau	1,975	- 10.1%	Kooperativa (CZ)	1,361	+ 92.9% **
VJV	938	+ 4.0%	Heros	73	+ 23.5%
Union	909	+ 31.5%	Union (formerly Glória)	27	+ 8.1%
CA Versicherung	364	+ 40.8%	InterRisk	175	+ 3.0%
Montan	130	+ 49.7%	WS osiguranje	1	***

\* Change in local currency

\*\* Including premiums in auto third party liability insurance operations, which opened for business on January 1, 2000

\*\*\* Wiener Städtische osiguranje, which has just been founded in Croatia

Group companies generated total premium income of ATS 10,341 million (+ 3.1%) within Austria. Foreign group companies generated premium income of ATS 1,860 million (+ 64.5%). Total premiums written generated by the Wiener Städtische group as a whole rose 9.3%, to ATS 12,201 million.

At the beginning of 2000, we acquired Uniqua Personenversicherung's 50% shareholding in Wiesbaden-based InterRisk, which means Wiener Städtische now holds 75% of InterRisk. Donau increased its shareholding in InterRisk to 25%. At the beginning of May, the Wiener Städtische group acquired Futura Lebensversicherung AG, Frankfurt am Main from Generali Lloyd via InterRisk. Premium income in the InterRisk group is expected to more than double in 2000 thanks to this acquisition.

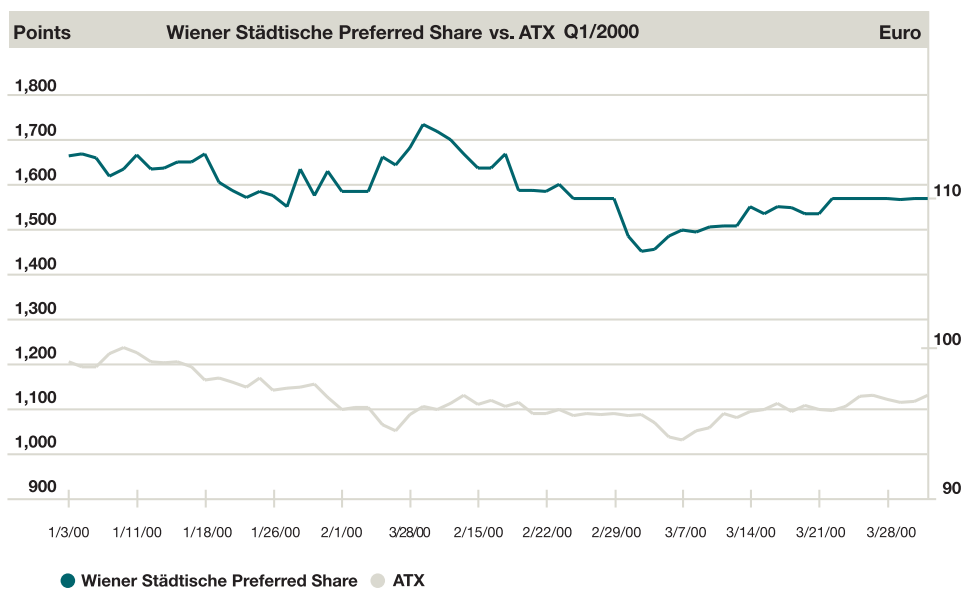
The company formerly known as Gloria is now operating in Hungary under the name Union Biztosító Rt, and is adopting a new approach. It is therefore currently carrying out extensive restructuring measures, which are showing the first signs of success: In the first two months of 2000 it increased production by 24%. During 2000 it intends to set up strategic alliances with some of Hungary's top brokers, and thus hopes to increase production even further. Its goal over the next few years is to become one of Hungary's top seven insurers.

In Poland, Wiener Städtische and the Polish bank PBK are planning to merge the insurance company Heros with TU PBK. A letter of intent was signed in Warsaw in February 2000. The goal of the agreement is to create an insurance company that will be one of Poland's leading property insurers. Wiener Städtische will provide insurance know-how, while PBK, which is one of Poland's biggest banks, will provide financial services know-how.

## Wiener Städtische Preferred Share

During the first three months of 2000 the price of the Wiener Städtische preferred share, which is listed in the B-segment on the Vienna Stock Exchange, fell to EUR 110 (price as of March 31, 2000). Thus at the end of Q1/2000 it was down 2.1 % relative to the end of 1999 (EUR 112.4). By comparison, the ATX index fell by 6.2 % during this period.

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



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