



Hannover Finance (Luxembourg) S.A.

(a corporation organised as a "société anonyme" under the laws of the Grand Duchy of Luxembourg, having its corporate domicile in Luxembourg, Grand Duchy of Luxembourg)

€ 500,000,000 Subordinated Fixed to Floating Rate Callable Bonds due 2040

ISIN XS0541620901, Common Code 054162090, WKN A1A01F

unconditionally and irrevocably guaranteed, on a subordinated basis, by

Hannover Rückversicherung AG

(a stock corporation incorporated under the laws of the Federal Republic of Germany, having its corporate domicile in Hannover, Federal Republic of Germany)

Issue price: 100 per cent.

Hannover Finance (Luxembourg) S.A. (the "**Issuer**") will issue on or about 14 September 2010 (the "**Issue Date**") € 500,000,000 Subordinated Fixed to Floating Rate Callable Bonds due 2040 (the "**Bonds**") in the denomination of €50,000 each.

The Bonds have the benefit of an unconditional and irrevocable subordinated guarantee (the "**Guarantee**") of Hannover Rückversicherung AG (the "**Guarantor**"). The Bonds and the Guarantee will be governed by the laws of the Federal Republic of Germany ("**Germany**"), except that § 2(1) (Status) of the Terms and Conditions of the Bonds (the "**Terms and Conditions**") will be governed by the laws of the Grand Duchy of Luxembourg ("**Luxembourg**").

The Bonds will bear interest from and including 14 September 2010 to but excluding 14 September 2020 at a rate of 5.75 per cent. per annum, scheduled to be paid annually in arrear on 14 September in each year, commencing on 14 September 2011. Thereafter, unless previously redeemed, the Bonds will bear interest at a rate of 4.235 per cent. per annum above the Euro-zone inter-bank offered rate for three-month Euro deposits, scheduled to be paid quarterly in arrear on 14 March, 14 June, 14 September and 14 December in each year (each a "**Floating Interest Payment Date**"), commencing on 14 December 2020.

Under certain circumstances described in § 3(3) of the Terms and Conditions, interest payments on the Bonds will mandatorily be suspended or may be suspended at the option of the Issuer.

The Bonds will be redeemed at par on the Floating Interest Rate Payment Date falling on or nearest to 14 September 2040, provided that on or prior to such date no Solvency Capital Event (subject to limited exceptions) and no Potential Insolvency Event (each as defined in the Terms and Conditions) has occurred and is continuing, and no Solvency Capital Event (subject to limited exceptions) and no Potential Insolvency Event would occur as a result of such redemption of the Bonds. If a Solvency Capital Event (subject to limited exceptions) or a Potential Insolvency Event has occurred and is continuing, or if a Solvency Capital Event (subject to limited exceptions) or a Potential Insolvency Event would occur as a result of such redemption of the Bonds, the Bonds will be redeemed only in the circumstances described in the definition of the term Final Maturity Date (as defined in the Terms and Conditions) on the Final Maturity Date.

Under certain circumstances described in § 4(3) and § 4(4) of the Terms and Conditions, the Bonds may be subject to early redemption.

The Notes will initially be represented by a Temporary Global Note, without interest coupons, which will be delivered on or prior to the Issue Date to a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a Permanent Global Note, without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership.

This prospectus in respect of the Bonds (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (www.bourse.lu).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier*, Luxembourg ("**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*, the "**Luxembourg Prospectus Law**"). The Issuer may request CSSF to provide competent authorities in other host Member States within the European Economic Area with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law.

Application has also been made to the Luxembourg Stock Exchange for the Bonds to be admitted to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

Sole Structuring Adviser

J.P. Morgan

Joint Lead Managers

BNP PARIBAS

Commerzbank

Crédit Agricole CIB

J.P. Morgan

RESPONSIBILITY STATEMENT

Each of the Issuer with its registered office in Luxembourg and the Guarantor with its registered office in Germany accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each of the Issuer and the Guarantor further confirms that (i) this Prospectus contains all information with respect to the Issuer and the Guarantor as well as to the Guarantor and its consolidated subsidiaries taken as a whole (the "**Hannover Re Group**" or the "**Group**") and to the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds, including all information which, according to the particular nature of the Issuer and the Guarantor and of the Bonds and the Guarantee is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor and the Hannover Re Group and of the rights attached to the Bonds and the Guarantee; (ii) the statements contained in this Prospectus relating to the Issuer, the Guarantor, the Hannover Re Group, the Bonds and the Guarantee are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Guarantor, the Hannover Re Group, the Bonds or the Guarantee the omission of which would, in the context of the issue and offering of the Bonds, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

NOTICE

No person is authorised to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers (as defined in the section *Subscription and Sale*).

This Prospectus should be read in conjunction with any supplement hereto and with any other documents incorporated herein by reference.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the caption "General Information on the Guarantor and the Hannover Re Group – Business Overview" and "– Recent Developments/Trend Information" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Hannover Re Group. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Hannover Re Group, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer and the Guarantor do not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. This Prospectus does not constitute an offer of Bonds or an invitation by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers to purchase any Bonds. Neither this Prospectus nor any other information supplied in connection with the Bonds should be considered as a recommendation by the Issuer, the Guarantor or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Bonds.

This Prospectus reflects the status as of its date of issue. The offering, sale and delivery of the Bonds and the distribution of the Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer or the Guarantor since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither any Joint Lead Manager nor any of its respective affiliates accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any other document incorporated by reference. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. For a description of the restrictions applicable in the United States of America and the United Kingdom, see "Subscription and Sale of the Bonds– Selling Restrictions". In particular, the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended, and are subject to United States tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons.

The legally binding language of this Prospectus is English. Any part of the Prospectus in German language constitutes a translation, except for the Terms and Conditions of the Bonds and the Guarantee in respect of which German is the legally binding language.

IN CONNECTION WITH THE ISSUE OF THE BONDS, J.P. MORGAN SECURITIES LTD. (THE "**STABILISING MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Bonds and the Guarantee, respectively. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with the Bonds or the Guarantee, respectively, for other reasons than those described below, and the Issuer and the Guarantor do not represent that the statements below are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined in "Terms and Conditions of the Bonds" below shall have the same meanings in this section.

Risks relating to the Guarantor and the Hannover Re Group

Set out below are risks associated with the Guarantor and the Hannover Re Group which may have a material impact on its business operations and/or the level and volatility of its profitability, and therefore its ability to perform its obligations under the Bonds, including:

Business and company-related risks

Business relations with primary insurers

Within the scope of its reinsurance business, the Hannover Re Group underwrites the business of primary insurers, which means that facts and circumstances in the insurers' environment may also indirectly influence the Hannover Re Group. These circumstances include, in particular, the risk that insurers may write less business – as a result of which a smaller volume is also reinsured –, the risk that insurers may write business, the quality of which is incorrectly assessed by the Hannover Re Group as more favourable than it actually is, and the risk that the credit status of insurers may develop worse than the Hannover Re Group had anticipated at the time when the reinsurance treaties in question were written. The materialisation of each of these individual circumstances could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Business relations with retrocessionaires

The Hannover Re Group systematically uses retrocessions and protection covers to smooth results and optimise its net income; in this context it attaches considerable importance to the quality and credit status of its retrocessionaires. The assets, financial position and net income of the Hannover Re Group could therefore be adversely affected if the market conditions for retrocession deteriorate to the detriment of reinsurers in the future, if certain protection covers – especially catastrophe excess of loss covers – are no longer available or if individual retrocessionaires should become unable or unwilling to pay.

Rating of the Hannover Re Group

The business result of the Hannover Re Group is influenced by its ability to acquire new insurance business at advantageous conditions, to expand existing profitable business relationships and to raise capital on the financial markets. Of particular significance to this ability is the evaluation of the financial strength and creditworthiness and hence also indirectly of the competitiveness of the Hannover Re Group and its individual companies by specialised agencies (hereinafter referred to as

its "rating"). The most important rating for the Hannover Re Group is the Insurer Financial Strength Rating, which evaluates the financial strength of the Hannover Re Group on the basis of the factors that are relevant to policyholders and ceding companies. These factors include, most notably, the capital adequacy, market positioning, risk management and earnings outlook.

The current (Q1/2010) financial strength rating for the Guarantor from Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") is "AA-" ("Very strong", stable outlook), while that of A.M. Best Company ("**A.M. Best**") is "A" ("Excellent", stable outlook). A downgrade in the rating can have significant adverse implications for the conditions of new and existing business, impair competitiveness and increase the costs of financing for the Hannover Re Group. In addition, a downgrade can result in the materialisation of new or accelerated maturity of existing liabilities that are contingent upon maintenance of a particular rating. Each downgrade of the rating could therefore detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Risks from insurance contracts

The business conducted by the Hannover Re Group is founded on the deliberate assumption of risks through the conclusion of insurance and reinsurance contracts. The Hannover Re Group constantly assesses and monitors these risks and reviews their probability of occurrence. This also includes ongoing monitoring of legal, demographic, macroeconomic and environmental developments being outside the influence of the Hannover Re Group. As a general principle, the Hannover Re Group concludes insurance contracts only if the premiums (including the investment income generated from these premiums) are expected to exceed the calculated risk and it establishes actuarially determined provisions for the occurrence of claims. If the premiums calculated upon contract closing do not suffice to fund the resulting losses, if the premium calculations are based on inaccurate assumptions, if the companies belonging to the Hannover Re Group fail to (fully) identify or correctly evaluate developments, if unexpected developments occur on the claims side or if retrocessionaires with which the Hannover Re Group has, for its part, reinsured risks default on payment, this could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Provisions

The Hannover Re Group calculates the amount of the provisions that are to be established for insured events in accordance with relevant actuarial methods that reflect assumptions and empirical values. The level of provisions constituted is regularly adjusted in the context of normal run-off with the aid of the latest information available to management. The adequacy of the provisions initially constituted and subsequently adjusted as necessary cannot be assured. In the insurance and reinsurance market this was demonstrated in the past, for example, by claims connected with asbestos. If, on the basis of the actual future development – especially with respect to risks that have currently not even been recognised as such – or as a consequence of the inaccurate selection or application of methods to calculate the constituted provisions, the Hannover Re Group were to be compelled to increase the provisions or if the liabilities of the Hannover Re Group in connection with the events that it has insured were to be higher than the constituted provisions, this could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Market- and competition-related risks

Competition

The competitiveness of the Hannover Re Group is influenced by numerous factors. They include, inter alia, the Hannover Re Group's financial strength, rating, experience, local presence and reputation, the quality of its client relationships, the type, scope and conditions of its offered products and services, the efficiency of its receivables management as well as its ability to respond

appropriately to changing customer requirements and the behaviour of its competitors. The Hannover Re Group constantly monitors changing customer requirements and the behaviour of its competitors, and it adjusts its range of products and services accordingly. Should, however, the Hannover Re Group be unable to respond appropriately to new developments, this could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Cyclical business

Non-life reinsurance is essentially a cyclical business. The same is true to a lesser extent of life reinsurance. This means that the business volume of the Hannover Re Group does not develop in a linear manner. In past years the volume of reinsurance business has therefore been subject to considerable fluctuations, which can be attributed to a broad range of factors. These factors, which cannot always be foreseen and/or influenced, include inter alia competition among reinsurers, the frequency and scale of catastrophic events, the availability of reinsurance capacities, the volatility of capital markets and the general economic conditions. Furthermore, these factors have also brought about changes in treaty conditions and hence profit margins in the past. A slowdown or decline in the business development could detrimentally affect the assets, financial position or net income of the Hannover Re Group.

Catastrophic events

Both natural catastrophes and man-made disasters are partially covered by insurance policies in the non-life and life/health (re)insurance written by the Hannover Re Group. Such catastrophic events include, among other things, windstorms and hailstorms, floods, earthquakes, major fires, cold spells, factory explosions, and insurrections. Neither catastrophes as such nor the scale of loss and damage caused by such events can be foreseen. Even though the Hannover Re Group monitors the aggregate risk with respect to catastrophic events in each geographical region, catastrophe-related damage and claims can lead to extraordinarily high losses. Should the scale of catastrophe losses increase in the coming years relative to the multi-year average, this could have a corresponding detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Interest rate fluctuations

In past years fluctuations in the level of both short- and long-term interest rates have influenced the amount of gains and losses on securities held among the Hannover Re Group's financial assets as well as the point in time when such gains or losses were realised. The Hannover Re Group increased its holdings of fixed-income securities from € 17.9 billion at the end of 2008 to € 19.7 billion at the end of 2009, the bulk of which are denominated in euros and US dollars. This is equivalent to around 87.5 % of total financial assets as at 31 December 2009. An increase in the interest rate level could therefore reduce the market price of the financial assets. If the market price were to fall below amortised cost for a sustained period, this would have to be written down to fair value with a charge recognised in income – which could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Falling prices on stock markets

In the aftermath of the historic price falls on international stock markets in 2008, many investors became more risk-averse – secure government bonds and gold were preferred investment vehicles.

As a consequence, the Hannover Re Group has scaled back its exposure to a marginal holding (<1 %) of equity securities in 2008. However, holding may be increased in the future. Therefore, stock market volatility could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Exchange rate fluctuations

The Hannover Re Group writes (re)insurance business worldwide in numerous international currencies and prepares annual and interim financial statements in euros, as a consequence of which the Group is exposed to exchange rate fluctuations. The Hannover Re Group reduces the resulting currency risks through the use of matching currency coverage as well as derivative financial instruments. This does not, however, make definitive hedging possible, and an exchange rate risk, especially with respect to the euro/US dollar exchange rate, consequently remains. Changes in the exchange rates used to convert a foreign currency into euro can therefore have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Operational Risks

Operational risks encompass the risk of losses occurring because of the inadequacy or failure of internal processes or as a result of events triggered by employee-related, system-induced or external factors. Operational risks exist, inter alia, in relation to the risk of business interruptions or system failures or may derive from unlawful or unauthorised acts. Because of the broad spectrum of operational risks, the realisation of one of these risks could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Emerging Risks

The hallmark of emerging risks (such as nanotechnology or climate change) is that the content of such risks cannot as yet be reliably assessed – especially with respect to our treaty portfolio. Such risks evolve gradually from barely perceptible signals to unmistakable tendencies. The realisation of one of these risks could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Counterparty risks

Hannover Re Group has monetary and securities claims under numerous transactions against retrocessionaires, ceding companies, brokers and other debtors. In view of the general economic downturn, the uncertain development of capital markets, the decline in real estate values and comparable influencing factors, increased default by debtors may occur (counterparty risk). This increased default would mean that value adjustments above and beyond the extent already covered by provisions would have to be made on assets of the Hannover Re Group; this could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Loss of a number of key clients

At the moment Hannover Re Group is not materially dependent on one single client. If however Hannover Re Group would lose a number of its key clients, it could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Proposals for the future accounting of insurance contracts under IFRS

Currently, the Hannover Re Group accounts for insurance contracts in its consolidated financial statements in accordance with US GAAP because the IFRS governing the accounting of insurance contracts (IFRS 4) does not provide any measurement guidance for these contracts. In consequence, IFRS 4 allows maintaining previously applied accounting principles until a comprehensive IFRS on insurance accounting will be in place. The IASB has announced to issue a final IFRS for insurance contracts in 2011. It is expected that this new standard will have to be first-time adopted by 2013 at the earliest. Based on present information, the introduction of the new standard may lead to substantial changes in the existing recognition and measurement methods for insurance contracts as well as in the current IT environments and work processes. Moreover, the envisaged changes in accounting may affect products and prices in direct insurance and

reinsurance. Furthermore, the proposals may lead to a substantially higher volatility of the consolidated results, which may cause higher capital costs and pressure on share prices.

Risks due to regulatory changes

As an internationally operating reinsurer Hannover Re Group is confronted with a broad diversity of risks that are indivisibly connected with entrepreneurial activities and which manifest themselves differently in the individual business groups and geographical regions.

In this sense, Hannover Re Group is subject to local legal requirements. Restructuring and additional expenses can result from changes in the local laws and regulations governing labour law, the social security and pension systems, financial services, taxation or securities products and transactions. In some countries, changes may also be introduced with retroactive effect. These changes could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Terrorist attacks and other geopolitical risks

Following the attack on the World Trade Center on 11 September 2001, reinsurance companies have generally either excluded terrorism risks in their insurance terms and conditions or substantially increased the premiums for their covers. The Hannover Re Group, too, followed this trend. However, it has not been possible to exclude liability under all contracts, as a consequence of which the Hannover Re Group continues to cover terrorism risks in certain cases. In addition, the Hannover Re Group may incur an exposure if a terrorist attack is followed by insured consequential losses such as fires. It is therefore not possible to arrive at a definitive assessment as to whether – and if so to what extent – the Hannover Re Group will be impacted by further terrorist attacks or by military responses to such attacks in the course of its business. The occurrence of these risks could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Risks due to development of the global economy

Hannover Re Group has been and may continue to be affected by the development of the global economy in general and global capital markets in particular. The global economy has recently experienced a significant downturn reflecting the effects of the credit market crisis, slower economic activity, a generally negative economic outlook and a decrease in consumer and business confidence. The recent worldwide economy crisis has expanded to essentially all regions and all business sectors and could continue to deteriorate. Hannover Re Group's management cannot assess how the global economy and the global capital markets will develop in the near future. A significant further deterioration of the global economy or a significant prolongation of the economic crisis could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Legal risks

Legal disputes

On the basis of their activities as reinsurers and primary insurers, the companies belonging to the Hannover Re Group are involved in legal and arbitration proceedings both as complainant and respondent. Legal disputes also exist on account of differences of opinion with public authorities, especially tax authorities, and with employees. The outcome of such proceedings cannot be determined in advance. It is the assumption of the Hannover Re Group that the currently pending proceedings will not have any significant detrimental effect on the assets and net income of the Hannover Re Group. Should this assessment prove inaccurate, these proceedings could detrimentally affect the assets and net income of the Hannover Re Group.

Amendments to existing and adoption of new legal provisions

The business of the Hannover Re Group is governed by detailed regulatory provisions. In light of the own funds requirements arising out of the Solvency II Directive, reinsurance is in Hannover Re Group's view taking on even greater significance as a tool for insurers. Nevertheless, amendments to existing provisions and the adoption of new provisions could necessitate restructuring activities and increase capital requirements resulting in increased costs for the Hannover Re Group. In addition, changes in the existing legal situation can adversely affect the economic position of primary insurers. These changes – which may impact the Hannover Re Group directly or merely indirectly – could detrimentally affect the assets, financial position and net income of the Hannover Re Group.

Changes in certain tax laws

At various locations the Hannover Re Group profits generally or in relation to certain products from favourable tax provisions; this applies, for example, to Ireland and Bermuda. Should these advantageous tax provisions cease to apply, this could have a detrimental effect on the assets, financial position and net income of the Hannover Re Group.

Risks relating to the Issuer

Set out below are risks associated with the Issuer which may affect its ability to perform its obligations under the Bonds.

Risks relating to Issuer's dependency on the Guarantor and the Hannover Re Group

The Issuer is a funding vehicle for the Hannover Re Group. As such, it raises funds through the issuance of bonds, notes and private placements or by the acceptance of loans from credit institutions and deposits of Group members. The Issuer may on-lend these funds to some extent to the Guarantor and other companies of the Hannover Re Group. In the future the Issuer may raise further funds to on-lend these. Thus, the Issuer is dependent on the Guarantor (e.g. as counterparty of such internal agreement, the issuer of the guarantee and as potential borrower) and a material adverse change in the financial position of the Guarantor or another member of the Hannover Re Group could affect the Issuer's financial performance. In the event that the Guarantor fails to make a payment under such internal agreement the Issuer may not be able to meet its payment obligations under the Bonds issued by it.

Financial Risks

Currency risks

Hannover Finance (Luxembourg) S.A. is exposed to currency risks deriving from positions and future transactions in currencies other than in euros. The Issuer hedges this risk exposure by entering into currency forward transactions, currency swap transactions and by funding the intercompany loans in the required original currencies. Unfavourable exchange rates may negatively impact the Issuer's reported financial performance.

Interest rate risks

In past years fluctuations in the level of both short- and long-term interest rates have influenced the amount of gains and losses on securities held at Hannover Finance (Luxembourg) S.A. as well as the point in time when such gains or losses were realised. If the market price were to fall below amortised cost for a sustained period, this would have to be written down to fair value with a charge recognised in income. In addition, Hannover Finance (Luxembourg) S.A. is exposed to interest rate risk on the interest-bearing receivables deriving from the provision of intercompany loans granted to other members of the Hannover Re Group and interest-bearing current and long-term liabilities arising from the financing situation of Hannover Finance (Luxembourg) S.A. In relation to fixed

interest receivables and liabilities, it is exposed to fluctuations in market values. Each of these risks could adversely affect the Issuer's reported financial performance.

Credit risks

Third-parties that owe Hannover Finance (Luxembourg) S.A. money, securities or other assets may not pay or perform under their obligations. These parties include the issuers whose securities Hannover Finance (Luxembourg) S.A. holds, borrowers under loans made, trading counterparties, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to Hannover Finance (Luxembourg) S.A. due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Liquidity risks

Hannover Finance (Luxembourg) S.A. is exposed to liquidity risks. Fluctuations in capital markets and global economic downturns may adversely affect the liquidity of security holdings.

Risks relating to the Bonds

An investment in the Bonds involves certain risks associated with the characteristics of the Bonds. Such risks could result in principal or interest not being paid on time or at all by the Issuer or the Guarantor and/or a material impairment of the market price of the Bonds. The following is a description of risk factors in relation to the Bonds.

Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Long-term securities

The Bonds will be redeemed at par on the Floating Interest Rate Payment Date falling on or nearest to 14 September 2040 (the "**Scheduled Maturity Date**"), provided that on or prior to such date no Solvency Capital Event (subject to limited exceptions) and no Potential Insolvency Event has occurred and is continuing, and no Solvency Capital Event (subject to limited exceptions) or Potential Insolvency would occur as a result of such redemption of the Bonds, in which case the redemption of the Bonds will be postponed (see "Potential postponement of the maturity date of the Bonds" below).

The Issuer is under no obligation to redeem the Bonds at any time before this date, and the holders of the Bonds (each a "**Bondholder**") have no right to call for their redemption.

Potential postponement of the maturity date of the Bonds

If on or prior to the Scheduled Maturity Date a Solvency Capital Event (subject to limited exceptions) or a Potential Insolvency Event has occurred and is continuing, or if a Solvency Capital Event (subject to limited exceptions) or a Potential Insolvency Event would occur as a result of the redemption of the Bonds on such date, the Bonds will only be redeemed on the next Floating Interest Payment Date on which neither a Solvency Capital Event (or one of the limited exceptions therefrom; e.g. prior consent of the Competent Supervisory Authority to the redemption) nor a Potential Insolvency Event is continuing, all as further described in the definition of the term Final Maturity Date.

Therefore, Bondholders may receive their investment back at a later point in time than initially expected.

If the Bonds are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Bondholders will – subject to any mandatory or optional suspension – continue to receive interest but will not receive any additional compensation for the postponement of the redemption.

Risks in case of an early redemption of the Bonds

At the Issuer's option, the Bonds may be redeemed prior to the Scheduled Maturity Date at their principal amount, if, as a result of a future change of the laws applicable in Luxembourg or in Germany, (i) the Issuer will be obligated to pay Additional Amounts or (ii) interest payable by the Issuer in respect of the Bonds or any amount payable by the Guarantor under the Guarantee is no longer fully deductible by the issuer and/or the Guarantor for Luxembourg and German income tax purposes. The Bonds may also be redeemed at the principal amount if the Bonds do no longer qualify as regulatory capital as intended upon issuance of the Bonds or if the capital treatment of the Bonds becomes materially unfavourable, in the reasonable opinion of the Guarantor, after a change in the rating methodology of at least one agency among Standard & Poor's and A.M. Best, or any respective successor.

The Bonds may also be redeemed at the option of the Issuer at their principal amount on the First Call Date or on any Floating Interest Payment Date thereafter.

If Bonds are redeemed prior to maturity, a Bondholder is exposed to the risk that due to the early redemption his investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption.

Subordination

The Bonds and the Guarantor's obligations under the Guarantee will be unsecured subordinated obligations of the Issuer and the Guarantor, respectively. In the event of any dissolution, liquidation, insolvency or any proceeding for the avoidance of an insolvency of the Issuer or the Guarantor, payments on the Bonds will be subordinated in right of payment to the prior payment in full of all other unsubordinated liabilities of the Issuer and the Guarantor and to all subordinated obligations of the Guarantor pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*), except for any subordinated obligations which are required to be preferred by law and for those liabilities which rank *pari passu* with, or junior to, the Bonds or the Guarantor's obligations under the Guarantee. In a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer or the Guarantor, the Bondholders may recover proportionately less than the holders of unsubordinated obligations of the Issuer or the Guarantor, as the case may be.

The Bondholders must accept that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to the Guarantee only in accordance with the subordination described above.

Interest suspension

Bondholders should be aware that, in certain cases, interest will not be due and payable (*fällig*) on the scheduled Interest Payment Date, and that the payment of the resulting Arrears of Interest is subject to certain further conditions.

Mandatory suspension of interest payments

In case a Mandatory Suspension Event has occurred and is continuing on the relevant Interest Payment Date, interest which accrues during the period ending on but excluding such Interest Payment Date will not be due and payable (*fällig*) on that Interest Payment Date.

A Mandatory Suspension Event will occur on an Interest Payment Date if on or prior thereto (i) a Potential Insolvency Event has occurred and is continuing, or (ii) the Competent Supervisory Authority has notified the Issuer or the Guarantor in writing that the Issuer or the Guarantor must suspend payments under the Bonds, or (iii) a Solvency Capital Event has occurred or is continuing. Any failure to pay interest as a result of such mandatory suspension will not constitute a default of the Issuer or any other breach of obligations under the Bonds or for any other purpose. Interest suspended will constitute Arrears of Interest.

Bondholders will not receive any additional interest or compensation for the mandatory suspension of payment. In particular, the resulting Arrears of Interest will not bear interest.

Optional suspension of interest payments

Even if no Mandatory Suspension Event has occurred, the Issuer may, with respect to each Optional Interest Payment Date, elect in its discretion to suspend the payment of interest by giving not less than 10 and not more than 15 Business Days' prior notice to the Bondholders. Such interest will not be due and payable (*fällig*) on that Interest Payment Date.

Bondholders will not receive any additional interest or compensation for the optional suspension of payment. In particular, the resulting Arrears of Interest will not bear interest.

Restrictions on payment of Arrears of Interest

The Issuer will only be entitled to pay Arrears of Interest at any time (i) if no Potential Insolvency Event has previously occurred and is continuing, and (ii) if, where the relevant suspension was due to the occurrence of a Mandatory Suspension Event other than a Potential Insolvency Event, the Competent Supervisory Authority has given its prior approval to the payment of the Arrears of Interest (if required at the time). These restrictions also apply in the case of a mandatory settlement of Arrears of Interest, as further described in the Terms and Conditions.

No express Events of Default

The Bondholders should be aware that the Terms and Conditions of the Bonds do not contain any express events of default provision.

Changes in Applicable Supervisory Regulations upon implementation of the Solvency II Directive

The Terms and Conditions of the Bonds provide that interest payments must be suspended and the scheduled maturity date must be postponed (in each case subject to limited exceptions further described in the Terms and Conditions), inter alia, if under the Applicable Supervisory Regulations a Solvency Capital Event has occurred and is continuing.

In addition, the Issuer may call the Bonds for redemption prior to the Final Maturity Date, inter alia, if, upon the implementation of the Solvency II Directive into the Applicable Supervisory Regulations

the Bonds would not be eligible to qualify for the inclusion in the determination of the tier 2 regulatory capital for single solvency purposes of the Guarantor or for group solvency purposes of the Guarantor's group (if and to the extent it is subject to supervision for group solvency purposes).

Although the Solvency II Directive has been adopted by the European Parliament and the Council of the European Union and published in the Official Journal of the European Union on 17 December 2009, the implementation guidelines in general and the exact requirements for instruments eligible as tier 2 regulatory capital in particular have not been finalised yet.

Therefore, it is currently difficult to predict the exact effect the implementation of the Solvency II Directive will have on the Guarantor and the Hannover Re Group as well as on the eligibility of the Bonds as tier 2 regulatory capital.

Accordingly, Bondholders should be aware that the final implementation guidelines for the Solvency II Directive may lead to, or increase the likelihood of, a suspension of interest payments under the Bonds and/or a postponement of the scheduled maturity date of the Bonds and/or an early redemption of the Bonds.

No limitation on issuing further debt and guarantees

There is no restriction on the amount of debt which the Issuer may issue ranking equal or senior to the obligations under or in connection with the Bonds and there is no restriction on the amount of debt or guarantees which the Guarantor may issue ranking equal or senior to the obligations under or in connection with the Bonds. Such issuance of further debt may reduce the amount recoverable by the Bondholders upon insolvency or winding-up of the Issuer or the Guarantor or may increase the likelihood that payments of the principal amount or interest under the Bonds will be mandatorily suspended or may, in the case of interest payments, be suspended at the option of the Issuer.

Liquidity risk

There is currently no secondary market for the Bonds. Application has been made for the Bonds to be admitted to trading on the EU-regulated market segment of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. There can, however, be no assurance that a liquid secondary market for the Bonds will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Bonds at any time at fair market prices. The possibility to sell the Bonds might additionally be restricted by country specific reasons.

Fixed to Floating Rate Bonds

The Bonds bear interest at a fixed rate to but excluding the First Call Date.

A holder of a fixed interest rate bond is exposed to the risk that the price of such bond may fall because of changes in the market interest rate. While the nominal interest rate of a fixed interest rate bond is fixed during the life of such bond or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such bond changes in the opposite direction. If the market interest rate increases, the price of such bond typically falls, until the yield of such bond is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate bond typically increases, until the yield of such bond is approximately equal to the market interest rate. Bondholders should be aware that movements of the market interest rate can adversely affect the price of the Bonds and can lead to losses for the Bondholders if they sell Bonds during the period in which the market interest rate exceeds the fixed interest rate of the Bonds.

From and including the First Call Date to but excluding the Final Maturity Date, the Bonds bear interest at a floating rate.

Investors should be aware that the floating rate interest income on the Bonds cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of the Bonds at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Ratings of the Bonds, if any, may be subject to change at all times

One or more independent credit rating agencies may assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Rating agencies may also change their methodologies for rating securities with features similar to the Bonds in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Bonds were to be subsequently lowered, this may have a negative impact on the trading price of the Bonds.

Currency Risk in relation to Bonds

The Bonds are denominated in euro. If such currency represents a foreign currency to a Bondholder, such Bondholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Bonds measured in the Bondholder's currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Because the Global Bonds are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Bonds will be represented by one or more Global Bonds. Such Global Bonds will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Investors will not be entitled to receive definitive Bonds. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Bonds. While the Bonds are represented by one or more Global Bonds, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of beneficial interests in the Global Bonds.

Risks in connection with the application of the German Act on Issues of Debt Securities (Gesetz über Schuldverschreibungen aus Gesamtemissionen)

A Bondholder is subject to the risk of being outvoted and of losing rights towards the Issuer and the Guarantor against his will in the case that Bondholders agree pursuant to the Terms and Conditions of the Bonds to amendments of the Terms and Conditions of the Bonds by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). In the case of an appointment of a bondholders' representative for all Bondholders a particular Bondholder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Bondholders.

The market value of the Bonds could decrease if the creditworthiness of the Hannover Re Group worsens

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Bonds when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Hannover Re Group or the Guarantor, the market value of the Bonds will suffer. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Bonds when they fall due actually has not decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Hannover Re Group could adversely change. If any of these risks occurs, third parties would only be willing to purchase Bonds for a lower price than before the materialisation of mentioned risk. Under these circumstances, the market value of the Bonds will decrease.

TERMS AND CONDITIONS OF THE BONDS

Anleihebedingungen

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

§ 1

(Verbriefung und Nennbetrag)

- (1) Währung, Nennbetrag und Form.

Die Hannover Finance (Luxembourg) S.A. (die "**Emittentin**") begibt unter der Garantie der Hannover Rückversicherung Aktiengesellschaft (die "**Garantin**") auf den Inhaber lautende, garantierte, nachrangige, fest- bis variabel verzinsliche Schuldverschreibungen (die "**Schuldverschreibungen**") im Nennbetrag von je € 50.000 (der "**Nennbetrag**") und im Gesamtnennbetrag von € 500.000.000.

- (2) Globalurkunden und Austausch.

Die Schuldverschreibungen werden zunächst in einer vorläufigen Globalinhaberschuldverschreibung (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft und am oder um den Tag der Begebung der Schuldverschreibungen bei einer gemeinsamen Verwahrstelle für Clearstream Banking, société anonyme, Luxemburg und Euroclear Bank SA/NV (beide gemeinsam nachstehend als "**Clearingsystem**" bezeichnet) hinterlegt. Die Vorläufige Globalurkunde wird nicht vor Ablauf von 40 und spätestens nach Ablauf von 180 Tagen nach dem Tag der Begebung der Schuldverschreibungen gegen Vorlage einer Bestätigung über das Nichtbestehen U.S.-amerikanischen wirtschaftlichen Eigentums (*beneficial ownership*) an den Schuldverschreibungen gemäß den Regeln und Betriebsabläufen des Clearingsystems gegen eine endgültige Globalinhaberschuldverschreibung (die "**Dauer-Globalurkunde**" und, gemeinsam mit der Vorläufige Globalurkunde, jeweils eine "**Globalurkunde**") ohne Zinsscheine ausgetauscht. Zahlungen auf eine Vorläufige Globalurkunde erfolgen nur

Terms and Conditions

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

§ 1

(Form and Denomination)

- (1) Currency, Denomination and Form.

Hannover Finance (Luxembourg) S.A. (the "**Issuer**") issues under the guarantee of Hannover Rückversicherung Aktiengesellschaft (the "**Guarantor**") guaranteed subordinated fixed to floating rate bearer bonds (the "**Bonds**") in a denomination of € 50,000 each (the "**Principal Amount**") in the aggregate principal amount of € 500,000,000.

- (2) Global Bonds and Exchange.

The Bonds will initially be represented by a temporary global bearer bond (the "**Temporary Global Bond**") without coupons which will be deposited with a common depositary for Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank SA/NV (together hereinafter referred to as the "**Clearing System**") on or around the date of issue of the Bonds. The Temporary Global Bond will be exchangeable for a permanent global bearer Bond (the "**Permanent Global Bond**" and, together with the Temporary Global Bond, each a "**Global Bond**") without coupons not earlier than 40 and not later than 180 days after the date of issue of the Bonds upon certification as to non-U.S. beneficial ownership in accordance with the rules and operating procedures of the Clearing System. Payments on a Temporary Global Bond will only be made against presentation of such certification. No definitive Bonds or interest coupons will be issued.

gegen Vorlage einer solchen Bestätigung. Einzelurkunden oder Zinsscheine werden nicht ausgegeben.

- (3) Den Inhabern der Schuldverschreibungen (die "**Anleihegläubiger**") stehen Miteigentumsanteile bzw. Rechte an der Globalurkunde zu, die nach Maßgabe des anwendbaren Rechts und der Regeln und Bestimmungen des Clearing-systems übertragen werden können.

§ 2 (Status und Garantie)

- (1) Status der Schuldverschreibungen.

Die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen begründen (vorbehaltlich der Garantie) nicht besicherte Verbindlichkeiten der Emittentin, die

- (a) nachrangig gegenüber allen nicht nachrangigen Verbindlichkeiten der Emittentin sind,
- (b) untereinander gleichrangig sind und
- (c) mit allen anderen gegenwärtigen und zukünftigen nicht besicherten Verbindlichkeiten, die nachrangig gegenüber allen nicht nachrangigen Verbindlichkeiten der Emittentin sind, zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten nicht im Rang besser stellen.

Im Fall der Auflösung, der Liquidation, der Insolvenz ("*faillite*") oder eines der Abwendung der Insolvenz der Emittentin dienenden Verfahrens (insbesondere *gestion contrôlée*, *sursis de paiement* oder *concordat préventif de la faillite*) stehen die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen allen nicht nachrangigen Verbindlichkeiten der Emittentin im Rang nach, so dass Zahlungen auf die Schuldverschreibungen erst erfolgen, wenn alle Ansprüche gegen die Emittentin aus Verbindlichkeiten, die den Verbindlichkeiten der Emittentin aus den Schuldverschreibungen nach Maßgabe dieses § 2(1) oder kraft Gesetzes im Rang vorgehen, vollständig befriedigt sind; erst nach Befriedigung aller der

- (3) The holders of the Bonds (the "**Bondholders**") are entitled to proportional co-ownership interests or rights in the Global Bond, which are transferable in accordance with applicable law and the rules and regulations of the Clearing System.

§ 2 (Status and Guarantee)

- (1) Status of the Bonds.

The obligations of the Issuer under the Bonds constitute (subject to the Guarantee) unsecured obligations of the Issuer ranking

- (a) subordinated to all unsubordinated obligations of the Issuer,
- (b) *pari passu* among themselves and
- (c) at least *pari passu* with all other present and future unsecured obligations of the Issuer ranking subordinated to all unsubordinated obligations of the Issuer, except for any subordinated obligations required to be preferred by mandatory provisions of law.

In the event of the dissolution, liquidation, insolvency ("*faillite*") or any proceeding to avoid insolvency (including without limitation *gestion contrôlée*, *sursis de paiement* or *concordat préventif de la faillite*) of the Issuer, the obligations of the Issuer under the Bonds will be subordinated to all unsubordinated obligations of the Issuer so that in any such event payments will not be made under the Bonds until all claims against the Issuer which pursuant to this § 2(1) are expressed to, or by operation of law, rank senior to the obligations of the Issuer under the Bonds will first have been satisfied in full; only after all of the aforementioned claims will first have been satisfied any remaining assets may be

vorgenannten Ansprüche können die verbleibenden Vermögenswerte an die Eigner etwaiger Instrumente, die die den Ansprüchen aus den Schuldverschreibungen im Rang nachgehen, etwaiger Vorzugsaktien der Emittentin und der Stammaktien der Emittentin verteilt werden.

Im Fall der Auflösung, der Liquidation, der Insolvenz oder eines der Abwendung der Insolvenz der Emittentin dienenden Verfahrens im Zusammenhang mit einer Auflösung, Liquidation, Insolvenz oder eines der Abwendung der Insolvenz der Garantin dienenden Verfahrens wird der Betrag, der den Anleihegläubigern pro Schuldverschreibung gezahlt wird, den Betrag nicht übersteigen, den die Anleihegläubiger als Liquidationserlös aus dem Vermögen der Garantin erhalten hätten, wären die Schuldverschreibungen von der Garantin begebene Wertpapiere (unabhängig davon, ob die Garantin derartige Wertpapiere zu einem solchen Zeitpunkt hätte ausgeben können).

- (2) Hinweis nach § 53c Absatz 3b Satz 4 Versicherungsaufsichtsgesetz.

Für die Rechte der Anleihegläubiger aus den Schuldverschreibungen ist diesen (vorbehaltlich der nachrangigen Garantie) keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden. Nachträglich können weder der Nachrang gemäß diesem § 2 beschränkt noch die Laufzeit der Schuldverschreibungen begrenzt oder die Kündigungsfristen verkürzt werden. Eine vorzeitige Rückerstattung ist der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, soweit die Emittentin nicht aufgelöst wurde und sofern nicht der rückerstattete Betrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Zuständige Aufsichtsbehörde der Rückerstattung zugestimmt hat.

"Zuständige Aufsichtsbehörde" ist die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. jede Behörde, die ihr Funktionsnachfolger wird.

distributed to the holders of any instruments that rank junior to the claims under the Bonds, any preference shares of the Issuer, if any, and the common shares of the Issuer.

In the event of the dissolution, liquidation, insolvency or any proceeding for the avoidance of insolvency of the Issuer which occurs in connection with a dissolution, liquidation, insolvency or any proceeding for the avoidance of insolvency of the Guarantor, the amount paid to the Bondholders per Bond will not exceed the amount such Bondholders would have received as a liquidation distribution out of the assets of the Guarantor had the Bonds been securities issued by the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time).

- (2) Notification pursuant to § 53c (3b) Sentence 4 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*).

No security (subject to the subordinated Guarantee) of whatever kind is, or will at any time be, provided by the Issuer or any other person securing rights of the Bondholders under the Bonds. No subsequent agreement may limit the subordination pursuant to the provisions set out in this § 2 or limit the term of the Bonds or shorten any applicable termination period (*Kündigungsfrist*) in respect of the Bonds. If the Bonds are redeemed early the amounts redeemed must be returned to the Issuer irrespective of any agreement to the contrary unless the Issuer has been dissolved and if such amounts have not been replaced by other at least equivalent own funds (*Eigenmittel*) of at least equal status or if the Competent Supervisory Authority has given its consent to the redemption.

"Competent Supervisory Authority" means the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any authority which becomes its

(3) Nachrangige Garantie.

Die Garantin hat die nachrangige unbedingte und unwiderrufliche Garantie (die "**Garantie**") für die fristgerechte Zahlung von Kapital, Zinsen und sonstigen aus den Schuldverschreibungen zu zahlenden Beträgen übernommen. Die Garantie ist ein Vertrag zugunsten jedes Anleihegläubigers als begünstigtem Dritten gemäß § 328 Absatz 1 Bürgerliches Gesetzbuch, der das Recht begründet, die Garantin unmittelbar aus der Garantie auf Erfüllung in Anspruch zu nehmen und Ansprüche aus der Garantie gegen die Garantin unmittelbar durchzusetzen.

(4) Status der Garantie.

Die Verbindlichkeiten der Garantin aus der Garantie begründen nicht besicherte Verbindlichkeiten der Garantin, die

- (a) nachrangig gegenüber allen nicht nachrangigen Verbindlichkeiten der Garantin sind,
- (b) nachrangig gegenüber allen nachrangigen Verbindlichkeiten der Garantin gemäß § 39 Absatz 1 Insolvenzordnung sind und
- (c) mit allen anderen gegenwärtigen und zukünftigen nicht besicherten Verbindlichkeiten der Garantin, die nachrangig gegenüber (i) allen nicht nachrangigen Verbindlichkeiten der Garantin und (ii) allen nachrangigen Verbindlichkeiten der Garantin gemäß § 39 Absatz 1 Insolvenzordnung sind, zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten nicht im Rang besser stellen.

Im Fall der Auflösung, der Liquidation, der Insolvenz oder eines der Abwendung der Insolvenz der Garantin dienenden Verfahrens stehen die Verbindlichkeiten der Garantin aus der Garantie (i) allen nicht nachrangigen Verbindlichkeiten der Garantin und (ii) allen nachrangigen Verbindlichkeiten der Garantin gemäß § 39

successor in such capacity.

(3) Subordinated Guarantee.

The Guarantor has given a subordinated unconditional and irrevocable guarantee (the "**Guarantee**") for the due and punctual payment of principal of, and interest on, and any other amounts expressed to be payable under the Bonds. The Guarantee constitutes a contract for the benefit of each Bondholder as third party beneficiary in accordance with § 328(1) of the German Civil Code (*Bürgerliches Gesetzbuch*), giving rise to the right of the Bondholder to require performance under the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

(4) Status of the Guarantee.

The obligations of the Guarantor under the Guarantee constitute unsecured obligations of the Guarantor ranking

- (a) subordinated to all unsubordinated obligations of the Guarantor,
- (b) subordinated to all subordinated obligations of the Guarantor pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*) and
- (c) at least *pari passu* with all other present and future unsecured obligations of the Guarantor ranking subordinated to (i) all unsubordinated obligations of the Guarantor and (ii) all subordinated obligations of the Guarantor pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*), except for any subordinated obligations required to be preferred by mandatory provisions of law.

In the event of the dissolution, liquidation, insolvency or any proceeding to avoid insolvency of the Guarantor, the obligations of the Guarantor under the Guarantee will be subordinated to (i) all unsubordinated obligations of the Guarantor and (ii) all subordinated obligations of the Guarantor pursuant to § 39(1) of the

Absatz 1 Insolvenzordnung im Rang nach, so dass Zahlungen auf die Garantie erst erfolgen, wenn alle Ansprüche gegen die Garantin aus Verbindlichkeiten, die den Verbindlichkeiten der Garantin aus der Garantie nach Maßgabe der Garantie oder kraft Gesetzes im Rang vorgehen, vollständig befriedigt sind; erst nach Befriedigung aller der vorgenannten Ansprüche können die verbleibenden Vermögenswerte an die Eigner etwaiger Instrumente, die den Ansprüchen aus der Garantie im Rang nachgehen, etwaiger Vorzugsaktien der Garantin und der Stammaktien der Garantin verteilt werden.

(5) Aufrechnungsverbot.

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen oder der Garantie mit möglichen Forderungen der Emittentin oder der Garantin gegen sie aufzurechnen und die Emittentin oder die Garantin ist nicht berechtigt, Forderungen gegenüber den Anleihegläubigern mit den Verbindlichkeiten aus den Schuldverschreibungen oder der Garantie aufzurechnen.

**§ 3
(Zinsen)**

(1) Festzinsperiode.

(a) Im Zeitraum ab dem 14. September 2010 (der "**Zinslaufbeginn**") (einschließlich) bis zum 14. September 2020 (der "**Erste Kündigungstermin**") (ausschließlich) werden die Schuldverschreibungen bezogen auf den Gesamtnennbetrag mit jährlich 5,75 % verzinst. Während dieses Zeitraums sind Zinsen nachträglich am 14. September eines jeden Jahres zur Zahlung vorgesehen, erstmals am 14. September 2011 (jeweils ein "**Festzins-Zahlungstag**") und werden nach Maßgabe der in § 3(3) dargelegten Bedingungen fällig.

(b) Sind Zinsen für einen Zeitraum zu berechnen (der "**Zinsberechnungszeitraum**"), der kürzer als eine

German Insolvency Code (*Insolvenzordnung*), so that in any such event payments under the Guarantee will not be made until all claims against the Guarantor which pursuant to the Guarantee are expressed to, or by operation of law, rank senior to the obligations of the Guarantor under the Guarantee will first have been satisfied in full; only after all of the aforementioned claims will first have been satisfied any remaining assets may be distributed to the holders of any instruments that rank junior to the claims under the Guarantee, any preference shares of the Guarantor, if any, as well as the common shares of the Guarantor.

(5) No right to set-off.

The Bondholders may not set off any claims arising under the Bonds or the Guarantee against any claims that the Issuer or the Guarantor may have against each of them. The Issuer or the Guarantor may not set off any claims it may have against any Bondholder against any of its obligations under the Bonds or the Guarantee.

**§ 3
(Interest)**

(1) Fixed Interest Period.

(a) In the period from and including 14 September 2010 (the "**Interest Commencement Date**") to but excluding 14 September 2020 (the "**First Call Date**") the Bonds bear interest on their aggregate principal amount at the rate of 5.75 per cent. per annum. During such period, interest is scheduled to be paid annually in arrear on 14 September of each year commencing on 14 September 2011 (each a "**Fixed Interest Payment Date**") and will be due and payable (*fällig*) in accordance with the conditions set out in § 3(3).

(b) Where interest is to be calculated in respect of any period of time that is equal to or shorter than a Fixed Interest

Festzinsperiode ist oder einer Festzinsperiode entspricht, so werden sie berechnet auf der Grundlage der tatsächlichen Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum (ab dem ersten Tag, an dem Zinsen auflaufen (einschließlich) bis zu dem Tag, an dem die Zinsen fällig werden (ausschließlich)), dividiert durch die Anzahl der Tage in der Festzinsperiode, in die der betreffende Zinsberechnungszeitraum fällt (einschließlich des ersten solchen Tages aber ausschließlich des letzten).

"Festzinsperiode" bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Festzins-Zahlungstag und nachfolgend ab jedem Festzins-Zahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Festzins-Zahlungstag (ausschließlich).

(2) Variable Zinsperiode.

(a) Variable Verzinsung.

Im Zeitraum ab dem Ersten Kündigungstermin (einschließlich) bis zum Endfälligkeitstag (wie in § 4(1) definiert) (ausschließlich) werden die Schuldverschreibungen, bezogen auf ihren Gesamtnennbetrag, in Höhe des Variablen Zinssatzes für die betreffende Variable Zinsperiode verzinst. Während dieses Zeitraums sind Zinsen jeweils vierteljährlich nachträglich an jedem Variablen Zinszahlungstag zur Zahlung vorgesehen, und werden nach Maßgabe der in § 3(3) dargelegten Bedingungen fällig.

(b) Variable Zinszahlungstage und Variable Zinsperioden.

"Variabler Zinszahlungstag" bezeichnet den 14. März, 14. Juni, 14. September und 14. Dezember eines jeden Jahres. Falls ein Variabler Zinszahlungstag auf einen Tag fällt, der kein Geschäftstag ist, wird dieser Variable Zinszahlungstag auf den nächstfolgenden Geschäftstag

Period (the **"Calculation Period"**), the interest will be calculated on the basis of the actual number of days elapsed in such Calculation Period (from and including the day from which interest begins to accrue) to but excluding the day on which it falls due), divided by the number of days in the Fixed Interest Period in which the Calculation Period falls (including the first such day but excluding the last).

"Fixed Interest Period" means each period from and including the Interest Commencement Date to but excluding the first Fixed Interest Payment Date and thereafter from and including each Fixed Interest Payment Date to but excluding the next following Fixed Interest Payment Date.

(2) Floating Rate Interest Period.

(a) Floating Rate Interest.

In the period from and including the First Call Date to but excluding the Final Maturity Date (as defined in § 4(1)) the Bonds bear interest on their aggregate principal amount at the Floating Interest Rate for the relevant Floating Interest Period. During such period, interest is scheduled to be paid quarterly in arrear on each Floating Interest Payment Date, and will be due and payable (*fällig*) in accordance with the conditions set out in § 3(3).

(b) Floating Interest Payment Dates and Floating Interest Periods.

"Floating Interest Payment Date" means 14 March, 14 June, 14 September and 14 December in each year. If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day, it will be postponed to the next day which is a Business Day unless it would thereby

verschoben, sofern er dadurch nicht in den nächsten Kalendermonat fallen würde; in diesem Fall wird der betreffende Variable Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.

"Variable Zinsperiode" bezeichnet jeden Zeitraum ab dem Ersten Kündigungstermin (einschließlich) bis zum ersten Variablen Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Variablen Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Variablen Zinszahlungstag (ausschließlich).

(c) Variabler Zinssatz.

Der Zinssatz für die jeweilige Variable Zinsperiode (der **"Variable Zinssatz"**) berechnet sich aus dem Angebotssatz (ausgedrückt als Prozentsatz per annum) für Dreimonatseinlagen in Euro für diese Variable Zinsperiode, der am Zinsfestsetzungstag um 11:00 Uhr vormittags (Brüsseler Ortszeit) auf der Bildschirmseite angegeben wird zuzüglich 4,235 % (die **"Marge"**), wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

(d) In diesen Anleihebedingungen bezeichnet:

"Bildschirmseite" die Reuters-Seite EURIBOR01 (oder eine andere Bildschirmseite von Reuters oder einem anderen Informationsanbieter als Nachfolger, die die Reuters-Seite EURIBOR01 zur Anzeige solcher Sätze ersetzt). Sollte die Bildschirmseite nicht zur Verfügung stehen, wird die Berechnungsstelle von fünf von ihr zu bestimmenden Referenzbanken deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Dreimonatseinlagen in Euro für die betreffende Variable Zinsperiode gegenüber führenden Banken im Interbanken-Markt der Euro-Zone um ca. 11.00 Uhr (Brüsseler Ortszeit) am Zinsfestsetzungstag anfor-

fall into the next calendar month, in which event the Floating Interest Payment Date will be the immediately preceding Business Day.

"Floating Interest Period" means each period from and including the First Call Date to but excluding the first Floating Interest Payment Date and thereafter from and including each Floating Interest Payment Date to but excluding the next following Floating Interest Payment Date.

(c) Floating Rate Interest.

The rate of interest for the relevant Floating Interest Period (the **"Floating Interest Rate"**) will be the offered quotation (expressed as a percentage rate per annum) for three-month deposits in Euro for that Floating Interest Period which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the Interest Determination Date plus 4.235 per cent. (the **"Margin"**), all as determined by the Calculation Agent.

(d) In these Terms and Conditions:

"Screen Page" means Reuters Page EURIBOR01 (or such other screen page of Reuters or such other information service, which is the successor to Reuters Page EURIBOR01 for the purpose of displaying such rates). If the Screen Page is not available, the Calculation Agent will request five Reference Banks selected by it to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for three-month deposits in Euro for the relevant Floating Interest Period to leading banks in the interbank market of the Euro-Zone at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date. As long as

dern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Variable Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser Angebotssätze zuzüglich der Marge. Falls der Variable Zinssatz nicht gemäß der oben definierten Bestimmungen ermittelt werden kann, ist der Zinssatz der Angebotssatz bzw. das arithmetische Mittel der Angebotssätze auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestsetzungstag, an dem diese Angebotssätze angezeigt wurden, zuzüglich der Marge;

"Geschäftstag" einen Tag, an dem alle maßgeblichen Stellen des Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) Systems Geschäfte tätigen;

"Referenzbanken" diejenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde;

"Zinsfestsetzungstag" den zweiten Geschäftstag, der dem Beginn der maßgeblichen Variablen Zinsperiode vorangeht; und

"Zinstagequotient" im Hinblick auf die Berechnung des Zinsbetrages für einen Zinsberechnungszeitraum die tatsächliche Anzahl von Tagen im Zinsberechnungszeitraum geteilt durch 360.

(e) Aufgaben der Berechnungsstelle.

Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Variable Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen fälligen Zinsbetrag (der **"Zinsbetrag"**) für die entsprechende Variable Zinsperiode berechnen. Die Berech-

two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Floating Interest Period will be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) plus the Margin. If the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest will be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered plus the Margin;

"Business Day" means a day on which all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET 2) system are operational;

"Reference Banks" means those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page;

"Interest Determination Date" means the second Business Day prior to the commencement of the relevant Floating Interest Period; and

"Day Count Fraction" means, in respect of the calculation of the Interest Amount for any Calculation Period, the actual number of days in the Calculation Period divided by 360.

(e) Duties of the Calculation Agent.

The Calculation Agent will, on or as soon as practicable after each time at which the Floating Interest Rate is to be determined, determine the Floating Interest Rate and calculate the amount of interest (the **"Interest Amount"**) payable on the Bonds for the relevant

nungsstelle ermittelt den Zinsbetrag, indem sie den Zinssatz (einschließlich der Marge) und den Zinstagequotient auf den Gesamtnennbetrag der Schuldverschreibungen anwendet, wobei sie den resultierenden Betrag auf den nächstliegenden Eurocent auf- oder abrundet (wobei 0,5 solcher Einheiten aufgerundet werden).

Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Variable Zinsperiode, die jeweilige Variable Zinsperiode und der relevante Variable Zinszahlungstag der Emittentin und, sofern dies von den jeweiligen Wertpapierbörsen, an denen die Schuldverschreibungen notiert sind, vorgesehen ist, der jeweiligen Wertpapierbörsen sowie den Anleihegläubigern durch Bekanntmachung gemäß § 10 baldmöglichst, aber keinesfalls später als zu Beginn der maßgeblichen nächstfolgenden Variablen Zinsperiode, bekannt gemacht wird. Im Fall einer Verlängerung oder Verkürzung der Variablen Zinsperiode kann der mitgeteilte Zinsbetrag und Variable Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen Wertpapierbörsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Anleihegläubigern gemäß § 10 bekannt gemacht.

Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3(2) gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Hauptzahlstelle und die Anleihegläubiger bindend.

Floating Interest Period. The Calculation Agent will calculate the Interest Amount by applying the Floating Interest Rate (including the Margin) and the Day Count Fraction to the aggregate principal amount of the Bonds and rounding the resultant figure to the nearest eurocent, with 0.5 or more of a eurocent being rounded upwards.

The Calculation Agent will cause the Floating Interest Rate, each Interest Amount for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer and, if required by the rules of any stock exchange on which the Bonds are from time to time listed, to such stock exchange, and to the Bondholders by notice in accordance with § 10 as soon as possible after their determination, but in no event later than at the beginning of the next relevant Floating Interest Period thereafter. Each Interest Amount and Floating Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements may be made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Bonds are then listed and to the Bondholders in accordance with § 10.

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3(2) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent and the Bondholders.

- | | |
|---|---|
| <p>(f) Ende der Verzinsung und Verzugszin-
sen.</p> <p>Die Verzinsung der Schuldverschrei-
bungen endet mit Beginn des Tages, an
dem sie zur Rückzahlung fällig werden.
Sollte die Emittentin eine Zahlung von
Kapital auf diese Schuldverschreibun-
gen bei Fälligkeit nicht leisten, endet die
Verzinsung der Schuldverschreibungen
mit Beginn des Tages der tatsächlichen
Zahlung. Der in einem solchen Fall je-
weils anzuwendende Zinssatz wird ge-
mäß diesem § 3 bestimmt.</p> | <p>(f) End of interest accrual and default inter-
est.</p> <p>The Bonds will cease to bear interest
from the beginning of the day they are
due for redemption. If the Issuer fails to
make any payment of principal under
the Bonds when due, the Bonds will
cease to bear interest from the begin-
ning of the day on which such payment
is made. In such case the applicable
rate of interest will be determined pur-
suant to this § 3.</p> |
| <p>(3) Fälligkeit von Zinszahlungen; Wahlweise und
Zwingende Aussetzung von Zinszahlungen.</p> <p>(a) Zinsen, die während einer Zinsperiode
auflaufen, die an einem Obligatorischen
Zinszahlungstag (ausschließlich) endet,
werden an diesem Obligatorischen
Zinszahlungstag fällig.</p> <p>(b) Zinsen, die während einer Zinsperiode
auflaufen, die an einem Fakultativen
Zinszahlungstag (ausschließlich) endet,
werden an diesem Fakultativen Zins-
zahlungstag fällig, sofern sich die
Emittentin nicht durch eine
Bekanntmachung an die
Anleihegläubiger gemäß § 10 innerhalb
einer Frist von nicht weniger als 10 und
nicht mehr als 15 Geschäftstagen vor
dem betreffenden Zinszahlungstag dazu
entscheidet, die betreffende Zinszah-
lung auszusetzen.</p> <p>Wenn sich die Emittentin an einem Fa-
kultativen Zinszahlungstag zur Nicht-
zahlung aufgelaufener Zinsen oder nur
für eine teilweise Zahlung der aufge-
laufenen Zinsen entscheidet, dann ist
sie nicht verpflichtet, an dem betreffen-
den Fakultativen Zinszahlungstag Zin-
sen zu zahlen bzw. ist sie nur verpflich-
tet, den Teil der aufgelaufenen Zinsen
zu leisten, für dessen Zahlung sie sich
entscheidet. Eine Nichtzahlung aus die-
sem Grunde begründet keinen Verzug
der Emittentin und keine anderweitige
Verletzung ihrer Verpflichtungen auf-</p> | <p>(3) Due date for interest payments; Optional and
mandatory suspension of interest payments.</p> <p>(a) Interest which accrues during an Inter-
est Period ending on but excluding a
Compulsory Interest Payment Date will
be due and payable (<i>fällig</i>) on such
Compulsory Interest Payment Date.</p> <p>(b) Interest which accrues during an Inter-
est Period ending on but excluding an
Optional Interest Payment Date will be
due and payable (<i>fällig</i>) on that Optional
Interest Payment Date, unless the
Issuer elects, by giving not less than 10
and not more than 15 Business Days'
notice to the Bondholders prior the rele-
vant Interest Payment Date in accor-
dance with § 10, to suspend the rele-
vant payment of interest.</p> <p>If the Issuer elects not to pay, or to only
partially pay, accrued interest on an Op-
tional Interest Payment Date, then it will
not have any obligation to pay interest
on such Optional Interest Payment Date
or will only be obliged to pay such part
of the accrued interest it elects to pay,
respectively. Any such failure to pay in-
terest will not constitute a default of the
Issuer or any other breach of its obliga-
tions under the Bonds or for any other
purpose.</p> |

grund dieser Schuldverschreibungen oder für sonstige Zwecke.

- (c) Falls an einem Zinszahlungstag ein Pflichtaussetzungsereignis eingetreten ist und fort dauert, werden Zinsen, die während eines Zeitraumes auflaufen, der an dem betreffenden Zinszahlungstag (ausschließlich) endet, an diesem Zinszahlungstag nicht fällig. Die Emittentin wird die Anleihegläubiger gemäß § 10 über den Eintritt eines Pflichtaussetzungsereignisses baldmöglichst nach seiner Feststellung, aber keinesfalls später als am vierten Geschäftstag nach dem betreffenden Zinszahlungstag informieren.

- (d) Nach Maßgabe dieses § 3(3) nicht fällig gewordene Zinsen sind Zinsrückstände (die "**Zinsrückstände**").

Zinsrückstände werden nicht verzinst.

- (e) In diesen Anleihebedingungen gilt Folgendes:

"Anwendbare Aufsichtsrechtliche Vorschriften" bezeichnet die Vorschriften des Versicherungsaufsichtsrechts und darauf bezogene Regelungen und Verordnungen (einschließlich der Verwaltungspraxis der Zuständigen Aufsichtsbehörde oder einschlägiger Gerichtsentscheidungen) hinsichtlich der Gruppen- oder Solo-Solvabilität, die jeweils in Bezug auf die Garantin, den Konzern der Garantin oder den Konzern, dem die Garantin angehört, anwendbar sind.

"Fakultativer Zinszahlungstag" bezeichnet jeden Zinszahlungstag, der kein Obligatorischer Zinszahlungstag und an dem kein Pflichtaussetzungsereignis eingetreten ist oder fort dauert.

"Obligatorischer Zinszahlungstag" bezeichnet jeden Zinszahlungstag (wie nachstehend definiert), vor dem ein Obligatorisches Zinszahlungsereignis eingetreten ist, und an dem kein Pflicht-

- (c) If a Mandatory Suspension Event has occurred and is continuing on any Interest Payment Date, interest which accrues during the period ending on but excluding such Interest Payment Date will not be due and payable (*fällig*) on that Interest Payment Date. The Issuer will give notice to the Bondholders of the occurrence of the Mandatory Suspension Event in accordance with § 10 as soon as possible after its determination but in no event later than on the fourth Business Day following the relevant Interest Payment Date.

- (d) Interest not due and payable in accordance with this § 3(3) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

- (e) For the purposes of these Terms and Conditions:

"Applicable Supervisory Regulations" means the provisions of insurance supervisory laws and any rules and regulations thereunder (including the administrative practice of the Competent Supervisory Authority or any applicable decision of a court) for group solvency or single solvency purposes applicable to the Guarantor, the Guarantor's group or the group of companies the Guarantor is a member of, from time to time.

"Optional Interest Payment Date" means each Interest Payment Date which is not a Compulsory Interest Payment Date and on which no Mandatory Suspension Event has occurred or is continuing.

"Compulsory Interest Payment Date" means any Interest Payment Date (as defined below) prior to which a Compulsory Interest Payment Event occurred, and on which no Mandatory

aussetzungsereignis eingetreten ist oder fort dauert.

"Obligatorisches Zinszahlungsereignis" bezeichnet jedes der folgenden Ereignisse:

- (i) auf der letzten ordentlichen Hauptversammlung der Garantin, die während der letzten 12 Monate vor dem betreffenden Zinszahlungstag stattfand, wurde eine Dividende, sonstige Ausschüttung oder Zahlung auf eine beliebige Gattung von Aktien der Garantin wirksam beschlossen;
- (ii) seit dieser ordentlichen Hauptversammlung der Garantin, die während der letzten 12 Monate vor dem betreffenden Zinszahlungstag stattfand, hat die Garantin eine Abschlagszahlung auf den Bilanzgewinn geleistet; oder
- (iii) die Garantin hat, direkt oder indirekt durch eine mit der Garantin verbundene Tochtergesellschaft, während der letzten sechs Monate vor dem betreffenden Zinszahlungstag eine beliebige Gattung von Aktien der Garantin gegen Geld zurückgekauft (mit Ausnahme von Rückkäufen, die im Rahmen von Aktienoptions- oder Beteiligungsprogrammen für die Geschäftsführung oder Mitarbeiter der Garantin oder von mit der Garantin verbundenen Unternehmen im Rahmen des gewöhnlichen Geschäftsverlaufs getätigt werden).

Ein **"Pflichtaussetzungsereignis"** ist in Bezug auf einen Zinszahlungstag eingetreten, wenn

- (i) an oder vor diesem Zinszahlungstag ein Potentielles Insolvenzereignis eingetreten ist

Suspension Event has occurred or is continuing.

"Compulsory Interest Payment Event" means any of the following events:

- (i) the most recent ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Guarantor held during the 12 months before the relevant Interest Payment Date has validly resolved on any dividend, other distribution or payment on shares of any class of the Guarantor;
- (ii) any payment on account of the balance sheet profit has been made by the Guarantor since that ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Guarantor held during the 12 months before the relevant Interest Payment Date; or
- (iii) during the six months before the relevant Interest Payment Date the Guarantor, directly or indirectly through a subsidiary of the Guarantor, repurchased shares of any class of the Guarantor for cash (with the exception of repurchases in connection with stock option or stock ownership programmes for management or employees of the Guarantor or affiliates of the Guarantor made in the ordinary course of business).

A **"Mandatory Suspension Event"** will have occurred with respect to any Interest Payment Date if

- (i) a Potential Insolvency Event has occurred on or prior to such Interest Payment Date and is

- und am betreffenden Zinszahlungstag fort dauert; oder
- (ii) die Zuständige Aufsichtsbehörde die Emittentin oder die Garantin schriftlich von ihrer Entscheidung benachrichtigt hat, dass gemäß anwendbarer Vorschriften die Emittentin oder die Garantin verpflichtet ist, Zahlungen auf die Schuldverschreibungen auszu setzen; oder
 - (iii) an oder vor diesem ein Solvenzkapitalereignis entweder eingetreten ist und am betreffenden Zinszahlungstag fort dauert oder durch die Zahlung von Zinsen am betreffenden Zinszahlungstag eintreten würde, mit der Maßgabe dass, vorbehaltlich der vorstehenden Absätze (i) und (ii), an einem Zinszahlungstag kein Pflichtaussetzungsereignis als eingetreten gilt, falls die Zuständige Aufsichtsbehörde ihre vorherige Zustimmung zur Leistung der am betreffenden Zinszahlungstag vorgesehenen Zinszahlung erteilt hat.

Ein **"Potentielles Insolvenzereignis"** gilt als eingetreten, wenn die Leistung der für den betreffenden Tag vorgesehenen Zinszahlung, Zahlung von Zinsrückständen oder Rückzahlung des Kapitals auf die Schuldverschreibungen zur drohenden Zahlungsunfähigkeit oder Zahlungs unfähigkeit der Emittentin oder der Garan tin führen würde.

"Solvency II Richtlinie" bezeichnet die Richtlinie 2009/138/EG des Europäi schen Parlaments und der Kommission vom 25. November 2009 und die darauf bezogenen Umsetzungsmaßnahmen der Europäischen Kommission.

Ein **"Solvenzkapitalereignis"** ist einge treten

continuing on such Interest Payment Date; or

- (ii) the Competent Supervisory Au thority has notified the Issuer or the Guarantor in writing that it has determined that in accor dance with applicable regulations at such time, the Issuer or the Guarantor must suspend pay ments under the Bonds; or
- (iii) a Solvency Capital Event either has occurred on or prior thereto and is continuing on such Interest Payment Date or would be caused by the payment of interest on the relevant Interest Payment Date; provided that, subject to paragraph (i) and (ii) above, no Mandatory Suspension Event will be deemed to have occurred with respect to an Interest Payment Date if the Competent Supervisory Authority has given its prior consent to the scheduled interest payment on the Bonds to be made on such Interest Payment Date.

A **"Potential Insolvency Event"** will be deemed to have occurred if the Issuer or the Guarantor would become potentially unable (*drohende Zahlungsunfähigkeit*) or unable (*Zahlungs unfähigkeit*) to pay its debts as a result of making the payment of interest or Arrears of Interest or repayment of principal on the Bonds scheduled to be made on such date.

"Solvency II Directive" means Directive 2009/138/EC of the European Parlia ment and of the Council of 25 November 2009 and the implementing measures by the European Commission thereunder.

A **"Solvency Capital Event"** will have occurred

- (i) vor der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften, falls die Solvabilitätsspanne der Garantin unter den Mindestanforderungen gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften liegt oder durch die betreffende Zahlung darunter fallen würde; und
- (ii) ab der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften, falls die Eigenmittel (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) der Garantin nicht ausreichen, um die geltenden Anforderungen (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) abzudecken, und gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften eine Aussetzung von Zinszahlungen erforderlich oder die Rückzahlung des Kapitals untersagt ist.

"Zinsperiode" bezeichnet jede Festzinsperiode und jede Variable Zinsperiode.

"Zinszahlungstag" bezeichnet je nachdem jeden Festzins-Zahlungstag oder Variablen Zinszahlungstag.

(4) Zahlung von Zinsrückständen.

- (a) Freiwillige Zahlung von Zinsrückständen.

Die Emittentin ist unter den im nachstehenden Satz 2 dieses § 3(4)(a) genannten Voraussetzungen berechtigt, ausstehende Zinsrückstände jederzeit ganz oder teilweise nach Bekanntmachung an die Anleihegläubiger gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 10 und nicht mehr

- (i) prior to the implementation of the Solvency II Directive into the Applicable Supervisory Regulations, if the Guarantor's solvency margin (*Solvabilitätsspanne*) is less than, or would as a result of the relevant payment be caused to fall below, the relevant minimum requirement in accordance with the Applicable Supervisory Regulations; and
- (ii) upon the implementation of the Solvency II Directive into the Applicable Supervisory Regulations, if the regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) of the Guarantor is not sufficient to cover the relevant requirement (howsoever described in the course of the implementation of the Solvency II Directive) and a suspension of interest is required or a repayment of principal is prohibited under the Applicable Supervisory Regulations.

"Interest Period" means each Fixed Interest Period and each Floating Interest Period.

"Interest Payment Date" means each Fixed Interest Payment Date and each Floating Interest Payment Date.

(4) Payment of Arrears of Interest.

- (a) Optional payment of Arrears of Interest.

The Issuer will, subject to the conditions set out in sentence 2 of this § 3(4)(a) being met, be entitled to pay outstanding Arrears of Interest (in whole or in part) at any time on giving not less than 10 and not more than 15 Business Days' notice to the Bondholders in accordance with § 10 which notice will

als 15 Geschäftstagen nachzuzahlen, wobei eine solche Bekanntmachung (i) den Betrag an Zinsrückständen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Termin (der "**Freiwillige Nachzahlungstermin**") enthalten muss. Die Emittentin ist nur dann berechtigt, eine solche Bekanntmachung zu machen, (i) sofern nicht zuvor ein Potentielles Insolvenzereignis eingetreten ist und fort dauert und (ii) sofern, falls die betreffende Aussetzung auf dem Eintritt eines Pflichtaussetzungsereignisses ausgenommen eines Potentiellen Insolvenzereignisses beruhte, die Zuständige Aufsichtsbehörde ihre Zustimmung zur Nachzahlung der Zinsrückstände erteilt hat (falls eine solche Zustimmung zum betreffenden Zeitpunkt erforderlich ist). Nach einer solchen Bekanntmachung wird der darin angegebene Betrag an Zinsrückständen am angegebenen Freiwilligen Nachzahlungstermin fällig, und die Emittentin ist verpflichtet, diesen Betrag an Zinsrückständen am angegebenen Freiwilligen Nachzahlungstermin zu zahlen; sofern nicht an oder vor dem Freiwilligen Nachzahlungstermin ein Potentielles Insolvenzereignis eingetreten ist und an dem Freiwilligen Nachzahlungstermin fort dauert.

(b) Pflicht zur Zahlung von Zinsrückständen

Die Emittentin ist verpflichtet, ausstehende Zinsrückstände am nächsten Pflichtnachzahlungstag zu zahlen, wobei diese Verpflichtung für den Fall, dass die betreffende Aussetzung auf dem Eintritt eines Pflichtaussetzungsereignisses beruhte, nur vorbehaltlich der Zustimmung der Zuständigen Aufsichtsbehörde (falls zum betreffenden Zeitpunkt erforderlich) besteht.

"**Pflichtnachzahlungstag**" bezeichnet den früheren der folgenden Tage:

specify (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment (the "**Optional Settlement Date**"). The Issuer only will be entitled to give such notice (i) if no Potential Insolvency Event has previously occurred and is continuing, and (ii) if, where the relevant suspension was due to the occurrence of a Mandatory Suspension Event other than a Potential Insolvency Event, the Competent Supervisory Authority has given its prior approval to the payment of the Arrears of Interest (if required at the time). Upon such notice being given, the amount of Arrears of Interest specified therein will become due and payable (*fällig*), and the Issuer will be obliged to pay such amount of Arrears of Interest on the specified Optional Settlement Date; provided that no Potential Insolvency Event has occurred on or prior to the Optional Settlement Date and is continuing on the Optional Settlement Date.

(b) Mandatory payment of Arrears of Interest

The Issuer must pay outstanding Arrears of Interest (in whole but not in part) on the next Mandatory Settlement Date, provided that if the relevant suspension was due to the occurrence of a Mandatory Suspension Event, this obligation is subject to the prior approval of the Competent Supervisory Authority (if required at the time).

"**Mandatory Settlement Date**" means the earlier of:

- (i) den nächsten Obligatorischen Zinszahlungstag;
- (ii) den Tag der Rückzahlung der Schuldverschreibungen gemäß diesen Anleihebedingungen; und
- (iii) den Tag, an dem eine Entscheidung hinsichtlich der Auseinandersetzung, Liquidation oder Auflösung der Emittentin oder der Garantin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin bzw. die Garantin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin bzw. der Garantin übernimmt).

§ 4

(Rückzahlung und Rückkauf)

- (1) Rückzahlung bei Endfälligkeit.

Sofern nicht bereits zuvor zurückgezahlt oder zurückgekauft, werden die Schuldverschreibungen am Endfälligkeitstag zum Nennbetrag zurückgezahlt.

"Endfälligkeitstag" ist

- (i) wenn am oder vor dem Vorgesehenen Endfälligkeitstag keiner der in den nachstehenden Absätzen (ii) oder (iii) genannten Umstände eingetreten ist, der Vorgesehene Endfälligkeitstag (wie nachstehend definiert);
- (ii) wenn am oder vor dem Vorgesehenen Endfälligkeitstag keiner der in dem nachstehenden Absatz (iii) genannten Umstände eingetreten ist, jedoch ein Solvenzkapitalereignis eingetreten ist und andauert, oder ein Solvenzkapitalereignis durch die Rückzahlung der Schuldverschreibungen eintreten würde, und

- (i) the next Compulsory Interest Payment Date;
- (ii) the date of redemption of the Bonds in accordance with these Terms and Conditions; and
- (iii) the date on which an order is made for the winding up, liquidation or dissolution of the Issuer or the Guarantor (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer or the Guarantor, as the case may be).

§ 4

(Redemption and Repurchase)

- (1) Redemption at Maturity.

Unless previously redeemed or repurchased, the Bonds will be redeemed at their Principal Amount on the Final Maturity Date.

"Final Maturity Date" means

- (i) if on or prior to the Scheduled Maturity Date none of the circumstances described in paragraphs (ii) or (iii) below has occurred, the Scheduled Maturity Date (as defined below);
- (ii) if on or prior to the Scheduled Maturity Date none of the circumstances described in paragraph (iii) below has occurred, but if a Solvency Capital Event has occurred and is continuing, or if a Solvency Capital Event would occur as a result of the redemption of the Bonds, and

- (A) die Zuständige Aufsichtsbehörde am oder vor dem Vorgesehenen Endfälligkeitstag der Rückzahlung der Schuldverschreibungen zugestimmt hat, der Vorgesehene Endfälligkeitstag; oder
- (B) die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen nicht am oder vor dem Vorgesehenen Endfälligkeitstag zugestimmt hat, der Variable Zinszahlungstag, an dem keiner der in dem nachstehenden Absatz (iii) genannten Umstände eingetreten ist, und der unmittelbar auf den Tag folgt, an dem entweder
 - (I) das Solvenzkapitalereignis nicht mehr vorliegt, kein Solvenzkapitalereignis durch die Rückzahlung der Schuldverschreibungen eintreten würde und die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen zugestimmt hat (sofern eine solche Zustimmung dann aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist); oder
 - (II) der zurückzuzahlende Gesamtnennbetrag der Schuldverschreibungen durch mindestens gleichwertige Eigenmittel ersetzt worden ist und die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen zugestimmt hat (sofern eine solche Zustimmung dann aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist); oder

- (A) the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds on or prior to the Scheduled Maturity Date, the Scheduled Maturity Date; or
- (B) the Competent Supervisory Authority has not given its prior consent to the redemption of the Bonds on or prior to the Scheduled Maturity Date, the Floating Interest Payment Date on which none of the circumstances described in paragraph (iii) below has occurred and which is immediately following the day on which either
 - (I) the Solvency Capital Event has lapsed, the redemption of the Bonds would not cause a Solvency Capital Event, and the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds (if such consent is required at the time under the Applicable Supervisory Regulations); or
 - (II) the aggregate principal amount of the Bonds to be redeemed has been replaced by other at least equivalent capital (*Eigenmittel*) and the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds (if such consent is required at the time under the Applicable Supervisory Regulations); or

(III) die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen zugestimmt hat (sofern eine solche Zustimmung dann aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist); bzw.

(iii) wenn am oder vor dem Vorgesehenen Endfälligkeitstag ein Potentielles Insolvenzereignis eingetreten ist und andauert, oder ein Potentielles Insolvenzereignis durch die Rückzahlung der Schuldverschreibungen selbst eintreten würde, der Variable Zinszahlungstag, der unmittelbar auf den Tag folgt, an dem das Potentielle Insolvenzereignis entfällt und kein Potentielles Insolvenzereignis durch die Rückzahlung der Schuldverschreibungen selbst eintreten würde, mit der Maßgabe dass, sofern jedoch an diesem Variablen Zinszahlungstag einer der in dem vorstehenden Absatz (ii) genannten Umstände eingetreten ist, sodann die Bedingungen des vorstehenden Absatzes (ii) gelten.

"Vorgesehener Endfälligkeitstag" ist der Variable Zinszahlungstag, der auf oder um den 14. September 2040 fällt.

(2) Rückkauf.

Vorbehaltlich der Regelungen des § 4(6) können die Emittentin, die Garantin oder ihre jeweiligen Tochtergesellschaften, soweit gesetzlich zulässig, jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis kaufen und wieder veräußern.

(3) Rückzahlung nach Wahl der Emittentin.

Die Emittentin kann die Schuldverschreibungen (insgesamt jedoch nicht nur teilweise) nach Maßgabe von § 4(6) am Ersten Kündigungstermin und an jedem nachfolgenden Variablen Zinszahlungstag durch Erklärung gemäß § 4(5) zum Nennbetrag zurückerzahlen.

(III) the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds (if such consent is required at the time under the Applicable Supervisory Regulations); or

(iii) if on or prior to the Scheduled Maturity Date a Potential Insolvency Event has occurred and is continuing, or if a Potential Insolvency Event would occur as a result of the redemption of the Bonds itself, the Floating Interest Payment Date immediately following the day on which the Potential Insolvency Event has lapsed and no Potential Insolvency Event would occur as a result of the redemption of the Bonds itself; provided that if on that Floating Interest Payment Date any of the circumstances described in paragraph (ii) above has occurred, thereupon the conditions set out in paragraph (ii) above apply.

"Scheduled Maturity Date" means the Floating Interest Rate Payment Date falling on or nearest to 14 September 2040.

(2) Repurchase.

Subject to § 4(6) and applicable laws, the Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price and may resell those Bonds.

(3) Redemption at the Option of the Issuer.

The Issuer may, upon giving notice in accordance with § 4(5) and subject to § 4(6), call the Bonds for redemption (in whole but not in part) at their Principal Amount on the First Call Date or on any Floating Interest Payment Date thereafter.

- (4) Rückzahlung nach Eintritt eines Gross-up Ereignisses, eines Steuerereignisses, eines Aufsichtsrechtlichen Ereignisses oder eines Ratingereignisses.

(a) Gross-up-Ereignis.

Vor dem Ersten Kündigungstermin ist die Emittentin jederzeit berechtigt, durch Erklärung gemäß § 4(5) und nach Maßgabe von § 4(6) die Schuldverschreibungen (insgesamt und nicht teilweise) nach Eintritt eines Gross-Up Ereignisses an dem in der Erklärung gemäß § 4(5) für die Rückzahlung festgelegten Tag zum Nennbetrag zurückzuzahlen.

Ein "**Gross-up-Ereignis**" liegt vor, wenn die Emittentin am oder nach dem Tag der Begebung der Schuldverschreibungen durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 zu zahlen oder die Garantin aufgrund einer Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) des Großherzogtums Luxemburg oder der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung dieser Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 zu zahlen und die Emittentin bzw. die Garantin diese Verpflichtung nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält.

Die Bekanntmachung der vorzeitigen Rückzahlung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin oder die Garantin erstmals verpflichtet wäre, Zusätzliche Beträge gemäß § 6 zu zahlen bzw. wenn eine ordnungsgemäße Zahlungsaufforderung

- (4) Redemption following a Gross-up Event, a Tax Event, a Regulatory Event or a Rating Event.

(a) Gross-up Event.

At any time prior to the First Call Date the Issuer may upon giving notice in accordance with § 4(5) and subject to § 4(6) call the Bonds for redemption (in whole but not in part) following the occurrence of a Gross-Up Event at their Principal Amount on the date fixed for redemption in the notice pursuant to § 4(5).

A "**Gross-up Event**" will occur if on or after the date of issue of the Bonds the Issuer has or will become obliged by a legislative body, a court or any authority to pay Additional Amounts pursuant to § 6 or the Guarantor has or will become obliged to pay Additional Amounts pursuant to § 6 in respect of payments due under the Guarantee as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of the Grand Duchy of Luxembourg or the Federal Republic of Germany or any political subdivision or any authority of or in the Grand Duchy of Luxembourg or the Federal Republic of Germany, or any change in or amendment to any official interpretation or application of those laws or rules or regulations, and that obligation cannot be avoided by the Issuer and/or the Guarantor taking such reasonable measures it (acting in good faith) deems appropriate.

No such notice of early redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be for the first time obliged to pay the Additional Amounts pursuant to § 6 or (as the case may be) in respect of a demand for payment duly

unter der Garantie erfolgen würde.

(b) Steuerereignis.

Vor dem Ersten Kündigungstermin ist die Emittentin jederzeit berechtigt, durch Erklärung gemäß § 4(5) und nach Maßgabe von § 4(6) die Schuldverschreibungen (insgesamt und nicht teilweise) nach Eintritt eines Steuerereignisses an dem in der Erklärung gemäß § 4(5) für die Rückzahlung festgelegten Tag zum Nennbetrag zurückzuzahlen.

Ein "**Steuerereignis**" liegt vor, wenn am oder nach dem Tag der Begebung der Schuldverschreibungen aufgrund einer Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) des Großherzogtums Luxemburg oder der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder einer ihrer Steuerbehörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung solcher Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), Zinsen, die von der Emittentin auf die Schuldverschreibungen zu zahlen sind oder Beträge, die von der Garantin aus der Garantie zu zahlen sind, von der Emittentin und/oder der Garantin nicht mehr für die Zwecke der luxemburgischen und/oder deutschen Ertragsteuer voll abzugsfähig sind und die Emittentin bzw. die Garantin dieses Risiko nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält.

(c) Aufsichtsrechtliches Ereignis.

Vor dem Ersten Kündigungstermin ist die Emittentin jederzeit berechtigt, durch Erklärung gemäß § 4(5) und nach Maßgabe von § 4(6) die Schuldverschrei-

made under the Guarantee.

(b) Tax Event.

At any time prior to the First Call Date the Issuer may upon giving notice in accordance with § 4(5) and subject to § 4(6) call the Bonds for redemption (in whole but not in part) following the occurrence of a Tax Event at their Principal Amount on the date fixed for redemption in the notice pursuant to § 4(5).

A "**Tax Event**" will occur if on or after the date of issue of the Bonds as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Grand Duchy of Luxembourg or the Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein, or as a result of any amendment to, or change in, an official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), interest payable by the Issuer in respect of the Bonds or any amount payable by the Guarantor under the Guarantee is no longer fully deductible by the Issuer and/or the Guarantor for Luxembourg and/or German income tax purposes, and that risk cannot be avoided by the Issuer and/or the Guarantor taking such reasonable measures as it (acting in good faith) deems appropriate.

(c) Regulatory Event.

At any time prior to the First Call Date the Issuer may upon giving notice in accordance with § 4(5) and subject to § 4(6) call the Bonds for redemption (in

bungen (insgesamt und nicht teilweise) nach Eintritt eines Aufsichtsrechtlichen Ereignisses an dem in der Erklärung gemäß § 4(5) für die Rückzahlung festgelegten Tag zum Nennbetrag zurückzuzahlen.

Ein **"Aufsichtsrechtliches Ereignis"** liegt vor, wenn

- (i) am oder nach dem Tag der Begebung der Schuldverschreibungen und vor der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften die Zuständige Aufsichtsbehörde schriftlich gegenüber der Garantin feststellt, dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen für die Einbeziehung in die Berechnung der Eigenmittel für Zwecke der Ermittlung der Solo-Solvabilität der Garantin oder der Gruppensolvabilität des Konzerns der Garantin (wenn und soweit dieser im Hinblick auf die Gruppensolvabilität beaufsichtigt wird) oder des Konzerns, dem die Garantin angehört (wenn und soweit dieser im Hinblick auf die Gruppensolvabilität beaufsichtigt wird), erfüllen, es sei denn, dies beruht auf Überschreitung der Anrechnungsobergrenzen für die Einbeziehung solcher Wertpapiere in die Eigenmittel aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften; dies gilt nur, wenn die Schuldverschreibungen diese Anforderungen vor dieser Feststellung erfüllt haben; oder
- (ii) es ab der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften gemäß

whole but not in part) following the occurrence of a Regulatory Event at their Principal Amount on the date fixed for redemption in the notice pursuant to § 4(5).

A **"Regulatory Event"** will occur if

- (i) on or after the date of issue of the Bonds and prior to the implementation of the Solvency II Directive into the Applicable Supervisory Regulations it is permitted under the Applicable Supervisory Regulations the Competent Supervisory Authority states in writing to the Guarantor that under Applicable Supervisory Regulations the Bonds (in whole or in part) no longer fulfil the requirements for the inclusion in the determination of the own funds for single solvency purposes of the Guarantor or for group solvency purposes of the Guarantor's group (if and to the extent it is subject to supervision for group solvency purposes) or the group of companies the Guarantor is a member of (if and to the extent it is subject to supervision for group solvency purposes), except where this is the result of exceeding any applicable limits on the inclusion of such securities in the own funds pursuant to the Applicable Supervisory Regulations; this applies only if prior to such statement the Bonds did fulfil such requirements; or
- (ii) upon the implementation of the Solvency II Directive into the Applicable Supervisory Regulations it is permitted under the

den Anwendbaren Aufsichtsrechtlichen Vorschriften zulässig ist, für Eigenmittelzwecke der Garantin oder des Konzerns der Garantin aufsichtsrechtliches Tier 2 Kapital (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) vorzuhalten, und die Zuständige Aufsichtsbehörde schriftlich gegenüber der Garantin feststellt,

(A) dass ab der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen nicht die Anforderungen für die Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals für Zwecke der Ermittlung der Solo-Solvabilität der Garantin oder der Gruppensolvabilität des Konzerns der Garantin (wenn und soweit dieser im Hinblick auf die Gruppensolvabilität beaufsichtigt wird) erfüllen; oder

(B) dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen für eine solche Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals für Zwecke der Ermittlung der Solo-Solvabilität der Garantin oder der Gruppensolvabilität des

Applicable Supervisory Regulations to use tier 2 regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) for regulatory capital purposes of the Guarantor or the Guarantor's group, and the Competent Supervisory Authority states in writing to the Guarantor

(A) that upon the implementation of the Solvency II Directive into the Applicable Supervisory Regulations the Bonds would not be eligible to qualify for the inclusion in the determination of the tier 2 regulatory capital for single solvency purposes of the Guarantor or for group solvency purposes of the Guarantor's group (if and to the extent it is subject to supervision for group solvency purposes); or

(B) that under Applicable Supervisory Regulations the Bonds (in whole or in part) no longer fulfil the requirements for such inclusion in the determination of the tier 2 regulatory capital for single solvency purposes of the Guarantor or for group solvency purposes of the Guarantor's group (if and to the extent it is subject to supervision for group solvency purposes)

Konzerns der Garantin (wenn und soweit dieser im Hinblick auf die Gruppensolvabilität beaufsichtigt wird) erfüllen, sofern sie nach der Umsetzung der Solvency II Richtlinie zunächst die Anforderungen für eine solche Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals erfüllt haben,

es sei denn, dies beruht in beiden Fällen (A) und (B) allein auf der Überschreitung der Anrechnungsobergrenzen für die Einbeziehung solcher Wertpapiere in das aufsichtsrechtliche Tier 2 Kapital aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften;

- (iii) es ab der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften für Eigenmittelzwecke des Konzerns, dem die Garantin angehört, zulässig ist, aufsichtsrechtliches Tier 2 Kapital (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) vorzuhalten, und die Zuständige Aufsichtsbehörde schriftlich feststellt, dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen für die Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals für Zwecke der Ermittlung der Gruppensolvabilität des Konzerns, dem die Garantin angehört (wenn und soweit dieser im Hinblick auf die Gruppensolvabilität beaufsichtigt wird) erfüllen, sofern sie nach der Umsetzung der Solvency II Richtlinie zunächst die Anforderungen für eine solche Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals erfüllt haben,

purposes), provided that upon implementation of the Solvency II Directive the Bonds did fulfil the requirements for the inclusion in the determination of the tier 2 regulatory capital,

except where in each case (A) and (B) this is merely the result of exceeding any applicable limits on the inclusion of such securities in the tier 2 regulatory capital pursuant to the Applicable Supervisory Regulations;

- (iii) upon the implementation of the Solvency II Directive into the Applicable Supervisory Regulations it is permitted under the Applicable Supervisory Regulations to use tier 2 regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) for regulatory capital purposes of the group of companies the Guarantor is a member of, and the Competent Supervisory Authority states in writing to the Guarantor that under Applicable Supervisory Regulations the Bonds (in whole or in part) no longer fulfil the requirements for the inclusion in the determination of the tier 2 regulatory capital for group solvency purposes of the group of companies the Guarantor is a member of (if and to the extent it is subject to supervision for group solvency purposes), except where this is merely the result of exceeding

vabilität beaufsichtigt wird), erfüllen, es sei denn, dies beruht allein auf der Überschreitung der Anrechnungsobergrenzen für die Einbeziehung solcher Wertpapiere in das aufsichtsrechtliche Tier 2 Kapital aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften; dies gilt nur, wenn die Schuldverschreibungen nach der Umsetzung der Solvency II Richtlinie zunächst die Anforderungen für die Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals erfüllt haben.

any applicable limits on the inclusion of such securities in the tier 2 regulatory capital pursuant to the Applicable Supervisory Regulations; this applies only if upon implementation of the Solvency II Directive the Bonds did fulfil the requirements for the inclusion in the determination of the tier 2 regulatory capital.

(d) Ratingereignis.

Wenn in dem Zeitraum ab dem Tag der Begebung der Schuldverschreibungen bis zum Ersten Kündigungstermin ein Ratingereignis eintritt, ist die Emittentin jederzeit ab dem 14. September 2015 (einschließlich) bis zum Ersten Kündigungstermin berechtigt, durch Erklärung gemäß § 4(5) und nach Maßgabe von § 4(6) die Schuldverschreibungen (insgesamt und nicht teilweise) an dem für die Rückzahlung festgelegten Tag zum Nennbetrag zurückzuzahlen.

Ein "Ratingereignis" liegt vor, wenn aufgrund einer Änderung der Rating-Methodologie (oder deren Auslegung) die Behandlung der Schuldverschreibungen für die Bemessung der Kapitalisierung durch mindestens eine Ratingagentur aus Standard & Poor's Rating Services, eine Abteilung der The McGraw Hill Companies, Inc. und A.M. Best Company (oder einer jeweiligen Nachfolgerin) nach Auffassung der Garantin erheblich nachteilig wird.

(d) Rating Event.

If during the period from the date of issue of the Bonds to the First Call Date a Rating Agency Event occurs, the Issuer may at any time from and including 14 September 2015 to the First Call Date upon giving notice in accordance with § 4(5) and subject to § 4(6) call the Bonds for redemption (in whole but not in part) at their Principal Amount on the date fixed for redemption.

A "Rating Event" will occur if, as a consequence of a change in the rating methodology (or the interpretation thereof) of at least one agency among Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. and A.M. Best Company, or any respective successor, the capital treatment of the Bonds becomes, in the reasonable opinion of the Guarantor materially unfavourable.

(5) Bekanntmachung der Vorzeitigen Rückzahlung.

Die Emittentin kann ein Recht zur vorzeitigen Rückzahlung gemäß § 4(3) und (4) durch eine Bekanntmachung an die Anleihegläubiger ge-

(5) Notification of Early Redemption.

The Issuer will give not less than 30 nor more than 60 days' notice to the Bondholders in accordance with § 10 of any early redemption

mäß § 10 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen ausüben. Die Bekanntmachung und die Information der Hauptzahlstelle sollen in den Fällen des § 4(4) diejenigen Tatsachen enthalten, auf welche die Emittentin ihr Kündigungsrecht stützt, und den für die Rückzahlung festgelegten Tag bezeichnen.

(6) Aufsichtsrechtliche Einschränkungen.

(a) Rückkauf und Rückzahlung.

- (i) Vor Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften steht der Emittentin, der Garantin oder ihren jeweiligen Tochtergesellschaften vorbehaltlich § 4(6)(a)(v) das Recht zum Rückkauf der Schuldverschreibungen gemäß § 4(2) und steht der Emittentin das Recht zur Rückzahlung der Schuldverschreibungen gemäß § 4(3) und § 4(4) nur zu, wenn der zurückzuzahlende Nennbetrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Zuständige Aufsichtsbehörde dem Rückkauf bzw. der Rückzahlung ohne eine solche Ersetzung zuvor zugestimmt hat.
- (ii) Nach Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften steht der Emittentin, der Garantin oder ihren jeweiligen Tochtergesellschaften vorbehaltlich § 4(6)(a)(iv) und (v) das Recht zum Rückkauf der Schuldverschreibungen gemäß § 4(2) und steht der Emittentin das Recht zur Rückzahlung der Schuldverschreibungen gemäß § 4(3) und § 4(4)(a), (b) und (d) nur zu, wenn der zurückzuzahlende Nennbetrag durch die Einzahlung anderer

pursuant to § 4(3) and (4). In the case of § 4(4) such notices will set forth the underlying facts of the Issuer's right to early redemption and specify the date fixed for redemption.

(6) Regulatory Limitations.

(a) Repurchase and Redemption.

- (i) Prior to the implementation of the Solvency II Directive into the Applicable Supervisory Regulations, the Issuer, the Guarantor or any of their respective subsidiaries may, subject to § 4(6)(a)(v), only repurchase the Bonds as set forth in § 4(2) and the Issuer may redeem the Bonds as set forth in § 4(3) and § 4(4), only if the principal amount of the Bonds to be repaid has been replaced by other at least equivalent capital (*Eigenmittel*) or if the Competent Supervisory Authority has given its prior consent to the repurchase or redemption of the Bonds without such replacement.
- (ii) Following the implementation of the Solvency II Directive into the Applicable Supervisory Regulations, the Issuer, the Guarantor or any of their respective subsidiaries may, subject to § 4(6)(a)(iv) and (v), repurchase the Bonds as set forth in § 4(2), and the Issuer may redeem the Bonds as set forth in § 4(3) and § 4(4)(a), (b) and (d), only if the principal amount of the Bonds to be repaid has been replaced by other capital (*Eigenmittel*) that at least fulfils the requirements for the inclusion in the determination

Eigenmittel, die zumindest die Anforderungen für eine Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 2 Kapitals (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) erfüllen, ersetzt worden ist (sofern im betreffenden Zeitpunkt eine solche Ersetzung aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist), sofern nicht die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen ohne eine solche Ersetzung zuvor zugestimmt hat.

- (iii) Wenn die Emittentin nach der Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften gemäß § 4(4)(c) Satz 2 Unterabsatz (ii) oder (iii) zur Kündigung berechtigt wäre, die Schuldverschreibungen jedoch zu diesem Zeitpunkt die Anforderungen für eine Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 3 Kapitals (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) erfüllen, dann steht der Emittentin vorbehaltlich § 4(6)(a)(iv) und (v) das Recht zur Rückzahlung der Schuldverschreibungen gemäß § 4(4)(c) Satz 2 Unterabsatz (ii) oder (iii) nur zu, wenn der zurückzuzahlende Nennbetrag durch die Einzahlung anderer Eigenmittel, die zumindest die Anforderungen für eine Einbeziehung in die Berechnung des aufsichtsrechtlichen Tier 3 Kapitals erfüllen, ersetzt worden ist (sofern im betreffenden Zeitpunkt eine solche Ersetzung

of the tier 2 regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) (if such replacement is required at the relevant time under the Applicable Supervisory Regulations), unless the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds without such replacement.

- (iii) If following the implementation of the Solvency II Directive into the Applicable Supervisory Regulations, the Issuer would be entitled to redeem the Bonds pursuant to § 4(4)(c) sentence 2 subparagraph (ii) or (iii), but the Bonds fulfil the requirements for the inclusion in the determination of the tier 3 regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) at that time, the Issuer may, subject to § 4(6)(a)(iv) and (v), redeem the Bonds as set forth in § 4(4)(c) sentence 2 subparagraph (ii) or (iii) only if the principal amount of the Bonds to be repaid has been replaced by other capital (*Eigenmittel*) that at least fulfils the requirements for the inclusion in the determination of the tier 3 regulatory capital (if such replacement is required at the relevant time under the Applicable Supervisory Regulations), unless the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds without

aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist), sofern nicht die Zuständige Aufsichtsbehörde der Rückzahlung der Schuldverschreibungen ohne eine solche Ersetzung zuvor zugestimmt hat.

- (iv) Nach Umsetzung der Solvency II Richtlinie durch die Anwendbaren Aufsichtsrechtlichen Vorschriften steht der Emittentin, der Garantin oder ihren jeweiligen Tochtergesellschaften das Recht zum Rückkauf der Schuldverschreibungen gemäß § 4(2) und steht der Emittentin das Recht zur Rückzahlung der Schuldverschreibungen gemäß § 4(3) und § 4(4) nur zu, wenn die Zuständige Aufsichtsbehörde der Rückzahlung zuvor zugestimmt hat (sofern im betreffenden Zeitpunkt eine solche Zustimmung aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist).
- (v) In allen Fällen steht der Emittentin, der Garantin oder ihren jeweiligen Tochtergesellschaften das Recht zum Rückkauf der Schuldverschreibungen gemäß § 4(2) und steht der Emittentin das Recht zur Rückzahlung der Schuldverschreibungen gemäß § 4(3) und § 4(4) nur zu, wenn am oder vor dem für die Rückzahlung festgelegten Tag kein Potentielles Insolvenzereignis eingetreten ist und andauert, und kein Potentielles Insolvenzereignis durch die Rückzahlung der Schuldverschreibungen selbst eintreten würde.

such replacement.

- (iv) Following the implementation of the Solvency II Directive into the Applicable Supervisory Regulations, the Issuer, the Guarantor or any of their respective subsidiaries may repurchase the Bonds as set forth in § 4(2), and the Issuer may redeem the Bonds as set forth in § 4(3) and § 4(4), only if the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds (if such consent is required at the time under the Applicable Supervisory Regulations)
- (v) In each case the Issuer, the Guarantor or any of their respective subsidiaries may repurchase the Bonds as set forth in § 4(2), and the Issuer may redeem the Bonds as set forth in § 4(3) and § 4(4), only if on or prior to the date fixed for redemption no Potential Insolvency Event has occurred and is continuing, and if no Potential Insolvency Event would occur as a result of the redemption of the Bonds itself.

- (b) Rückkauf und Rückzahlung durch verbundene Unternehmen.

Die in § 4(6)(a) genannten Einschränkungen gelten nicht für Rückkäufe, soweit verbundene Unternehmen der Emittentin oder der Garantin die Schuldverschreibungen für fremde Rechnung oder für Sondervermögen (im Sinne des § 2 Abs. 2 und § 30 Investmentgesetz) erwerben, sofern nicht Anteile an diesen Sondervermögen mehrheitlich von der Emittentin, der Garantin oder einer ihrer verbundene Unternehmen gehalten werden.

§ 5 (Zahlungen)

- (1) Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen bei Fälligkeit in Euro zu zahlen. Die Zahlung von Kapital und Zinsen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber. Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen. Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 6 ein.
- (2) Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen kein Geschäftstag ist, erfolgt die Zahlung erst am nächstfolgenden Geschäftstag (außer im Fall von § 3(2)(b)); die Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

§ 6 (Besteuerung)

Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen (einschließlich Zahlungen der Garantin unter der nachrangigen Garantie) werden ohne Einbehalt oder Abzug von Steuern,

- (b) Repurchase and Redemption by affiliates.

The restrictions set forth in § 4(6)(a) do not apply for purchases made by affiliates of the Issuer or the Guarantor for the account of a third party or funds (as defined for the purposes of § 2(2) and § 30 Investment Act (*Investmentgesetz*), unless the majority of the shares in the relevant fund are held by the Issuer, the Guarantor or one of its affiliates.

§ 5 (Payments)

- (1) The Issuer undertakes to pay, as and when due, principal and interest on the Bonds in euro. Payment of principal and interest on the Bonds will be made, subject to applicable fiscal and other laws and regulations, through the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders. Payments to the Clearing System or to its order will to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Bonds. Any reference in these Terms and Conditions of the Bonds to principal or interest will be deemed to include any Additional Amounts as set forth in § 6.
- (2) If the due date for any payment of principal and/or interest is not a Business Day, payment will be effected only on the next Business Day (except as provided in § 3(2)(b)). The Bondholders will have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

§ 6 (Taxation)

All payments of principal and interest in respect of the Bonds (including payments by the Guarantor under the subordinated Guarantee) will be made free and clear of, and without withholding or deduction for, any

Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art ("**Steuern**") geleistet, die von dem Großherzogtum Luxemburg bzw. der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin oder Garantin kraft Gesetzes oder einer sonstigen Rechtsvorschrift zu einem solchen Einbehalt oder Abzug verpflichtet ist. In einem solchen Falle wird die Emittentin bzw. die Garantin zusätzliche Beträge zahlen (die "**Zusätzlichen Beträge**"), so dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern:

- (i) denen ein Anleihegläubiger wegen einer anderen Beziehung zum Großherzogtum Luxemburg bzw. der Bundesrepublik Deutschland unterliegt als der bloßen Tatsache, dass er der Inhaber der betreffenden Schuldverschreibungen ist; oder
- (ii) deren Einbehalt oder Abzug auf eine Zahlung an eine natürliche Person oder an sonstige Einrichtungen erfolgt und zwar auf der Grundlage der Richtlinie 2003/48/EC der Europäischen Union oder einer anderen Richtlinie der Europäischen Union zur Besteuerung privater Zinserträge, die die Beschlüsse der ECOFIN-Versammlung vom 26. bis 27. November 2000 umsetzt oder aufgrund eines Gesetzes, das aufgrund einer solchen Richtlinie erlassen wurde, ihr entspricht oder eingeführt wurde, um dieser Richtlinie nachzukommen; oder
- (iii) deren Einbehalt oder Abzug auf eine Zahlung durch eine Luxemburger Zahlstelle an eine in Luxemburg ansässige natürliche Person oder an bestimmte sonstige Einrichtungen erfolgt und zwar auf der Grundlage des Luxemburger Gesetzes vom 23. Dezember 2005 abgeändert durch ein Luxemburger Gesetz vom 17. Juli 2008 zur Besteuerung privater Zinserträge; oder
- (iv) denen der Anleihegläubiger nicht unterläge, wenn er seine Schuldverschreibungen binnen 30 Tagen nach Fälligkeit bzw., falls die not-

taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Grand Duchy of Luxembourg or the Federal Republic of Germany (as the case may be) or any political subdivision or any authority of or in the Grand Duchy of Luxembourg or the Federal Republic of Germany (as the case may be) that has power to tax, unless the Issuer or the Guarantor, as the case may be, is compelled by a law or other regulation to make such withholding or deduction. In that event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Bondholders of the same amounts as they would have received if no such withholding or deduction had been required. However, no such Additional Amounts will be payable with respect to such Taxes:

- (i) to which a Bondholder is liable because of a relationship with the Grand Duchy of Luxembourg or the Federal Republic of Germany other than the mere fact of his being the holder of the relevant Bonds; or
- (ii) where such withholding or deduction is imposed on a payment to an individual or to residual entities and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 – 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iii) where such withholding or deduction is imposed on a payment by a Luxembourg paying agent to a Luxembourg resident individual or to some residual entities and is required to be made pursuant to the Luxembourg law of 23 December 2005 as amended by the Luxembourg law of 17 July 2008 on the introduction of a withholding tax on certain interest payments on savings income; or
- (iv) to which the Bondholder would not be subject if he had presented his Bonds for payment within 30 days from the due date for payment, or, if

wendigen Beträge der Hauptzahlstelle bei Fälligkeit nicht zur Verfügung gestellt worden sind, nach dem Tag, an dem diese Mittel der Hauptzahlstelle zur Verfügung gestellt worden sind und dies gemäß § 10 bekannt gemacht wurde, zur Zahlung vorgelegt hätte.

§ 7

(Vorlegungsfrist, Verjährung)

Die Vorlegungsfrist der Schuldverschreibungen wird auf zehn Jahre reduziert. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

§ 8

(Zahlstellen und Berechnungsstellen)

(1) Bestellung.

Die Emittentin hat BNP Paribas Securities Services, Luxembourg Branch als Hauptzahlstelle in Bezug auf die Schuldverschreibungen (die "**Hauptzahlstelle**" und gemeinsam mit jeder etwaigen von der Emittentin nach § 8(2) bestellten zusätzlichen Zahlstelle, die "**Zahlstellen**") bestellt.

(2) Änderung oder Beendigung der Bestellung.

Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen, deren angegebenen Geschäftsstellen umgehend gemäß § 10 bekannt gemacht.

(3) Status der beauftragten Stellen.

Die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Vertreter der Emittentin und der Garantin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet. Die Zahlstellen sind von den Beschränkungen des § 181 des Bürgerlichen Gesetzbuchs befreit.

the necessary funds have not been provided to the Principal Paying Agent when due, from the date on which such funds have been provided to the Principal Paying Agent, and a notice to that effect has been published in accordance with § 10.

§ 7

(Presentation Period, Prescription)

The period for presentation of the Bonds will be reduced to 10 years. The period of limitation for claims under the Bonds presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

§ 8

(Paying and Calculation Agents)

(1) Appointment.

The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch as principal paying agent with respect to the Bonds (the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 8(2), the "**Paying Agents**").

(2) Variation or Termination of Appointment.

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successor or additional Paying Agents. Notice of any change in the Paying Agents or in the specified office of any Paying Agent will promptly be given to the Bondholders pursuant to § 10.

(3) Status of the Agents.

The Paying Agents and Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Bondholders. The Paying Agents are exempt from the restrictions of § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

§ 9
(Weitere Emissionen)

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (mit Ausnahme der ersten Zinszahlung) die gleichen Bedingungen wie die Schuldverschreibungen dieser Anleihe haben und die zusammen mit den Schuldverschreibungen dieser Anleihe eine einzige Anleihe bilden.

§ 10
(Bekanntmachungen)

- (1) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind) auf der Internetseite der Luxemburger Börse unter www.bourse.lu veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich.
- (2) Die Emittentin ist berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Gläubiger zu übermitteln.

§ 11
(Ersetzung)

- (1) Ersetzung.

Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger die Garantin oder eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), deren stimmberichtigte Gesellschaftsanteile zu mehr als 90% direkt oder indirekt von der Garantin gehalten werden, als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verbindlichkeiten mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern
 - (i) die Neue Emittentin sämtliche Verbindlichkeiten der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt;

§ 9
(Further Issues)

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (except for the first payment of interest) so as to form a single series with the Bonds.

§ 10
(Notices)

- (1) All notices regarding the Bonds will be published (so long as the Bonds are listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice will become effective for all purposes on the date of the first such publication.
- (2) The Issuer will be entitled to deliver all notices concerning the Bonds to the Clearing System for communication by the Clearing System to the Holders.

§ 11
(Substitution)

- (1) Substitution.

The Issuer may at any time, without the consent of the Bondholders, substitute for the Issuer either the Guarantor or any other company (other than an insurance undertaking) of which more than 90 per cent. of the voting shares or other equity interests are directly or indirectly owned by the Guarantor, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Bonds, with the effect of releasing the Issuer of all such obligations, if:
 - (i) the New Issuer assumes all obligations of the Issuer arising under or in connection with the Bonds;

- (ii) die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verbindlichkeiten aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten hat;
- (iii) die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in Euro an die Hauptzahlstelle oder die Clearingsysteme zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;
- (iv) für den Fall, dass die Neue Emittentin nicht die Garantin ist, die Bestimmungen des Absatzes 4 der Garantie, wonach sich die Garantie auf die von der Neuen Emittentin gemäß den Anleihebedingungen zahlbaren Beträge erstreckt, in vollem Umfang Bestand haben; und
- (v) aufgrund der Ersetzung kein Ereignis eintreten würde, welches die Neue Emittentin dazu berechtigen würde, die Schuldverschreibung gemäß § 4(4) zu kündigen und zurückzuzahlen.

Wenn die Garantin selbst Neue Emittentin geworden ist, ist eine weitere Schuldnerersetzung ausgeschlossen.

(2) Bezugnahmen.

Im Fall einer Schuldnerersetzung gemäß Absatz (1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin und jede Bezugnahme auf das Großherzogtum Luxemburg als eine solche auf den Staat (die Staaten), in welchem die Neue Emittentin steuerlich ansässig ist.

- (ii) the New Issuer has obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Bonds;
- (iii) the New Issuer is in the position to pay to the Clearing Systems or to the Principal Paying Agent in euro and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Bonds;
- (iv) in the event that the New Issuer is not the Guarantor, the provisions of paragraph 4 of the Guarantee, pursuant to which the Guarantee will extend to any and all amounts expressed to be payable by the new Issuer pursuant to these Terms and Conditions, will be in full force and effect; and
- (v) no event would occur as a result of the substitution that would give rise to the right of the New Issuer to call the Bonds for redemption pursuant to § 4(4).

If the Guarantor has become the New Issuer, any further substitution of the issuer will be excluded.

(2) References.

In the event of a substitution pursuant to subsection (1), any reference in these Terms and Conditions to the Issuer will be a reference to the New Issuer and any reference to the Grand Duchy of Luxembourg will be a reference to the New Issuer's country (countries) of domicile for tax purposes.

- (3) Bekanntmachung und Wirksamwerden der Ersetzung.

Die Ersetzung der Emittentin ist gemäß § 10 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Falle einer wiederholten Anwendung dieses § 11 jede frühere Neue Emittentin von ihren sämtlichen Verbindlichkeiten aus den Schuldverschreibungen frei.

§ 12

(Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger; Gemeinsamer Vertreter)

- (1) Die Anleihebedingungen und die Bedingungen der Garantie können, vorbehaltlich der in § 2(2) und § 4(6) genannten aufsichtsrechtlichen Einschränkungen und vorbehaltlich der Zustimmung der Zuständigen Aufsichtsbehörde (sofern eine solche Zustimmung dann aufgrund anwendbarer Vorschriften erforderlich ist) durch Mehrheitsbeschlusses der Anleihegläubiger nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen ("**SchVG**") in seiner jeweiligen gültigen Fassung mit Zustimmung der Emittentin und der Garantin geändert werden. Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 10 abschließend geregelt ist, mit den in dem nachstehenden § 12(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.
- (2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine

- (3) Notice and Effectiveness of Substitution.

Notice of any substitution of the Issuer will be given by publication in accordance with § 10. Upon such publication, the substitution will become effective, and the Issuer and in the event of a repeated application of this § 11, any previous New Issuer will be discharged from any and all obligations under the Bonds.

§ 12

(Amendments to the Terms and Conditions by resolution of the Bondholders; Joint Representative)

- (1) Subject to the regulatory limitations set out in § 2(2) and § 4(6) and subject to the Competent Supervisory Authority having given its prior consent (if such consent is required at the time under applicable regulations), the Terms and Conditions and the terms of the Guarantee may be amended by a majority resolution of the Bondholders pursuant to §§ 5 et seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*, "**SchVG**"), as amended from time to time, with the consent of the Issuer and the Guarantor. In particular, the Bondholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 10, by resolutions passed by such majority of the votes of the Bondholders as stated under § 12(2) below. A duly passed majority resolution will be binding upon all Bondholders.
- (2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Bondholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**").

"Qualifizierte Mehrheit").

- (3) Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 12(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 12(3)(b) getroffen.
- (a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Gläubigerversammlung nach Maßgabe von § 9 SchVG verlangen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben. Für die Teilnahme an der Gläubigerversammlung oder die Ausübung der Stimmrechte ist eine Anmeldung der Anleihegläubiger vor der Versammlung erforderlich. Die Anmeldung muss unter der in der Einberufung mitgeteilten Adresse spätestens am dritten Kalendertag vor der Gläubigerversammlung zugehen.
- (b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können schriftlich die Durchführung einer Abstimmung ohne Versammlung nach Maßgabe von § 9 i.V.m. § 18 SchVG verlangen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung
- (3) Resolutions of the Bondholders will be made either in a Bondholder's meeting in accordance with § 12(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance § 12(3)(b).
- (a) Resolutions of the Bondholders in a Bondholder's meeting will be made in accordance with § 9 et seq. of the SchVG. Bondholders holding Bonds in the total amount of 5 per cent. of the outstanding principal amount of the Bonds may request, in writing, to convene a Bondholders' meeting pursuant to § 9 of the SchVG. The convening notice of a Bondholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Bondholders in the agenda of the meeting. The attendance at the Bondholders' meeting or the exercise of voting rights requires a registration of the Bondholders prior to the meeting. Any such registration must be received at the address stated in the convening notice by no later than the third calendar day preceding the Bondholders' meeting.
- (b) Resolutions of the Bondholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance § 18 of the SchVG. Bondholders holding Bonds in the total amount of 5 per cent. of the outstanding principal amount of the Bonds may request, in writing, the holding of a vote without a meeting pursuant to § 9 in connection with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of

zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

- (4) Anleihegläubiger haben die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank gemäß § 13(5) und die Vorlage eines Sperrvermerks der Depotbank zugunsten einer Hinterlegungsstelle für den Abstimmungszeitraum nachzuweisen. Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.
- (5) Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 12(2) zuzustimmen.
- (6) Bekanntmachungen betreffend diesen § 12 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 10.

§ 13 (Schlussbestimmungen)

- (1) Anzuwendendes Recht

Außer § 2(1), der sich nach Luxemburger Recht bestimmt, bestimmen sich Form und Inhalt der Schuldverschreibungen und der Garantie, nach dem Recht der Bundesrepublik Deutschland. Die Bestimmungen der §§ 86 bis 94-8 des Luxemburger Gesetzes vom 10. August 1915 bezüglich Handelsunternehmen in der jeweils gültigen Fassung ist auf diese Schuldverschreibungen nicht anwendbar.

the vote as well as the proposed resolutions will be notified to Bondholders together with the request for voting.

- (4) Bondholders must demonstrate their eligibility to participate in the vote at the time of voting by means of a special confirmation of the Custodian in accordance with § 13(5) hereof and by submission of a blocking instruction by the Custodian for the benefit of a depository (*Hinterlegungsstelle*) for the voting period. The voting right is suspended as long as any Bonds are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*) or are being held for the account of the Issuer or any of its affiliates.
- (5) The Bondholders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Bondholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent, in accordance with § 12(2) hereof, to a material change in the substance of the Terms and Conditions.
- (6) Any notices concerning this § 12 will be made in accordance with § 5 et seq. of the SchVG and § 10.

§ 13 (Final Provisions)

- (1) Applicable Law

The Bonds and the Guarantee are governed by, and construed in accordance with, the laws of the Federal Republic of Germany, except that § 2(1) is governed by the laws of Luxembourg. The provisions of articles 86 to 94-8 of the Luxembourg law dated 10 August 1915 concerning commercial companies, as amended, will not apply to the Bonds.

(2) Gerichtsstand

Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland. Die Emittentin und die Garantin verzichten unwiderruflich darauf, gegenwärtig oder zukünftig gegen die Gerichte in Frankfurt am Main als Forum für Rechtsstreitigkeiten Einwände zu erheben, und versichern, keines der Gerichte in Frankfurt am Main als ungelegenes oder unangemessenes Forum zu bezeichnen.

Für Entscheidungen gemäß § 9 Absatz 2, § 13 Absatz 3 und § 18 Absatz 2 SchVG ist gemäß § 9 Absatz 3 SchVG das Amtsgericht Frankfurt am Main zuständig. Für Entscheidungen über die Anfechtung von Beschlüssen der Anleihegläubiger ist gemäß § 20 Absatz 3 SchVG das Landgericht Frankfurt am Main ausschließlich zuständig.

(3) Erfüllungsort

Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.

(4) Zustellungsbevollmächtigter

Für etwaige Rechtsstreitigkeiten oder sonstige Verfahren vor deutschen Gerichten bestellt die Emittentin die Hannover Rückversicherung AG, Karl-Wiechert-Allee 50, 30625 Hannover, Bundesrepublik Deutschland, zum Zustellungsbevollmächtigten.

(5) Geltendmachung von Rechten

Jeder Anleihegläubiger ist berechtigt, in jedem Rechtsstreit gegen die Emittentin oder in jedem Rechtsstreit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen geltend zu machen gegen Vorlage:

- (i) einer Bescheinigung der Depotbank, die (A) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (B) den gesamten Nennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung

(2) Place of Jurisdiction

To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in these Terms and Conditions will be Frankfurt am Main, Federal Republic of Germany. The Issuer and the Guarantor, respectively, irrevocably waive any objection which it might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any proceedings and to settle any disputes, and agrees not to claim that any of those courts is not a convenient or appropriate forum.

The local court (*Amtsgericht*) in the district of Frankfurt am Main will have jurisdiction for all judgments pursuant to § 9(2), § 13(3) and § 18(2) SchVG in accordance with § 9(3) SchVG. The regional court (*Landgericht*) in the district of Frankfurt am Main will have exclusive jurisdiction for all judgments over contested resolutions by Bondholders in accordance with § 20(3) SchVG.

(3) Place of Performance

Place of performance will be Frankfurt am Main, Federal Republic of Germany.

(4) Process Agent

For any legal disputes or other proceedings before German courts, the Issuer appoints Hannover Rückversicherung AG, Karl-Wiechert-Allee 50, 30625 Hannover, Federal Republic of Germany, as authorised agent for accepting services of process.

(5) Enforcement of Rights

Any Bondholder may in any proceedings against the Issuer or to which the Holder and the Issuer are parties protect and enforce in his own name his rights arising under his Bonds on the basis of:

- (i) a certificate issued by his Custodian (A) stating the full name and address of the Bondholder, (B) specifying an aggregate Principal Amount of Bonds credited on the date of such statement to such Bondholder's securities account(s)

den bei dieser Depotbank bestehenden Depots dieses Anleihegläubigers gutgeschrieben sind und (C) bestätigt, dass die Depotbank dem Clearingsystem und der Hauptzahlstelle eine schriftliche Mitteilung gemacht hat, die die Angaben gemäß (A) und (B) enthält und Bestätigungsvermerke des Clearingsystems sowie des betroffenen Kontoinhabers bei dem Clearingsystem trägt sowie

- (ii) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde; oder
- (iii) eines anderen, in Rechtsstreitigkeiten in dem Land der Geltendmachung zulässigen Beweismittels.

"Depotbank" bezeichnet ein Bank- oder sonstiges Finanzinstitut, bei dem der Anleihegläubiger Schuldverschreibungen im Depot verwahren lässt und das ein Konto bei dem Clearingsystem hat, einschließlich des Clearingsystems.

§ 14 (Sprache)

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

maintained with his Custodian and (C) confirming that his Custodian has given a written notice to the Clearing System and the Principal Paying Agent containing the information specified in (A) and (B) and bearing acknowledgements of the Clearing System and the relevant account holder in the Clearing System and

- (ii) a copy of the Global Bond relating to the Bonds, certified as being a true copy by a duly authorised officer of the Clearing System or the Principal Paying Agent; or
- (iii) any other means of evidence permitted in legal proceedings in the country of enforcement.

"Custodian" means any bank or other financial institution with which the Bondholder maintains a securities account in respect of any Bonds and having an account maintained with the Clearing System, including the Clearing System.

§ 14 (Language)

These Terms and Conditions are written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

THE GUARANTEE

Diese Garantie ist in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

This Guarantee is written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

NACHRANGIGE GARANTIE

der

Hannover Rückversicherung AG
(die "**Garantin**")

zugunsten der Inhaber der

€500.000.000

Nachrangigen zunächst fest- und danach variabel
verzinslichen Schuldverschreibungen fällig 2040,
ISIN XS0541620901
(die "**Schuldverschreibungen**")

der

Hannover Finance (Luxembourg) S.A.
(die "**Emittentin**")

- 1** Die in dieser Garantie verwendeten und nicht anders definierten Begriffe haben die ihnen in den Bedingungen der Schuldverschreibungen (die "**Anleihebedingungen**") zugewiesene Bedeutung.
- 2** Garantie
 - (a) Die Garantin übernimmt gegenüber der BNP Paribas Securities Services, Luxembourg Branch (die "**Hauptzahlstelle**") zugunsten jedes Anleihegläubigers die unbedingte und unwiderrufliche nachrangige Garantie für die ordnungsgemäße und pünktliche Zahlung aller nach Maßgabe der Anleihebedingungen von der Emittentin auf die Schuldverschreibungen zu zahlenden Beträge (die "**Garantie**").
 - (b) Die Verbindlichkeiten der Garantin aus der Garantie begründen nicht besicherte Verbindlichkeiten der Garantin, die
 - (i) nachrangig gegenüber allen nicht nachrangigen Verbindlichkeiten der Garantin sind,
 - (ii) nachrangig gegenüber allen nachrangi-

SUBORDINATED GUARANTEE

of

Hannover Rückversicherung AG
(the "**Guarantor**")

for the benefit of the holders of the

€ 500,000,000

Subordinated Fixed to Floating Rate Callable Bonds
due 2040,
ISIN XS0541620901
(the "**Bonds**")

of

Hannover Finance (Luxembourg) S.A.
(the "**Issuer**")

- 1** Terms used in this Guarantee and not otherwise defined herein shall have the meaning attributed to them in the terms and conditions of the Bonds (the "**Terms and Conditions**").
- 2** Guarantee
 - (a) The Guarantor unconditionally and irrevocably guarantees towards BNP Paribas Securities Services, Luxembourg Branch (the "**Principal Paying Agent**") for the benefit of each Bondholder the unconditional and irrevocable subordinated guarantee for the due and punctual payment of any amounts payable by the Issuer in respect of the Bonds pursuant to the Terms and Conditions (the "**Guarantee**").
 - (b) The obligations of the Guarantor under the Guarantee constitute unsecured obligations of the Guarantor ranking
 - (i) subordinated to all unsubordinated obligations of the Guarantor,
 - (ii) subordinated to all subordinated obliga-

gen Verbindlichkeiten der Garantin gemäß § 39 Absatz 1 Insolvenzordnung sind und

- (iii) mit allen anderen gegenwärtigen und zukünftigen nicht besicherten Verbindlichkeiten der Garantin, die nachrangig gegenüber (i) allen nicht nachrangigen Verbindlichkeiten der Garantin und (ii) allen nachrangigen Verbindlichkeiten der Garantin gemäß § 39 Absatz 1 Insolvenzordnung sind, zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen solche anderen nachrangigen Verbindlichkeiten nicht im Rang besser stellen.

Im Fall der Auflösung, der Liquidation, der Insolvenz oder eines der Abwendung der Insolvenz der Garantin dienenden Verfahrens stehen die Verbindlichkeiten der Garantin aus der Garantie (i) allen nicht nachrangigen Verbindlichkeiten der Garantin und (ii) allen nachrangigen Verbindlichkeiten der Garantin gemäß § 39 Absatz 1 Insolvenzordnung im Rang nach, so dass Zahlungen auf die Garantie erst erfolgen, wenn alle Ansprüche gegen die Garantin aus Verbindlichkeiten, die den Verbindlichkeiten der Garantin aus der Garantie nach Maßgabe der Garantie oder kraft Gesetzes im Rang vorgehen, vollständig befriedigt sind; erst nach Befriedigung aller der vorgenannten Ansprüche können die verbleibenden Vermögenswerte an die Eigner etwaiger Instrumente, die den Ansprüchen aus der Garantie im Rang nachgehen, etwaiger Vorzugsaktien der Garantin und der Stammaktien der Garantin verteilt werden.

- (c) Die Anleihegläubiger sind nicht berechtigt, Forderungen aus der Garantie mit möglichen Forderungen der Garantin gegen sie aufzurechnen und die Garantin ist nicht berechtigt, Forderungen gegenüber den Anleihegläubigern mit den Verbindlichkeiten aus der Garantie aufzurechnen.
- (d) Mit Ausnahme der Rechte unter dieser Garantie ist für die Rechte der Anleihegläubiger keine Sicherheit irgendwelcher Art durch die Garantin oder durch Dritte gestellt worden; eine

tions of the Guarantor pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*) and

- (iii) at least *pari passu* with all other present and future unsecured obligations of the Guarantor ranking subordinated to (i) all unsubordinated obligations of the Guarantor and (ii) all subordinated obligations of the Guarantor pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*), except for any subordinated obligations required to be preferred by mandatory provisions of law.

In the event of the dissolution, liquidation, insolvency or any proceeding to avoid insolvency of the Guarantor, the obligations of the Guarantor under the Guarantee will be subordinated to (i) all unsubordinated obligations of the Guarantor and (ii) all subordinated obligations of the Guarantor pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*), so that in any such event payments under the Guarantee will not be made until all claims against the Guarantor which pursuant to the Guarantee are expressed to, or by operation of law, rank senior to the obligations of the Guarantor under the Guarantee will first have been satisfied in full; only after all of the aforementioned claims will first have been satisfied any remaining assets may be distributed to the holders of any instruments that rank junior to the claims under the Guarantee, any preference shares of the Guarantor, if any, as well as the common shares of the Guarantor.

- (c) The Bondholders may not set off any claims arising under the Guarantee against any claims that the Guarantor may have against each of them. The Guarantor may not set off any claims it may have against any Bondholder against any of its obligations under the Guarantee.
- (d) Except for the rights created pursuant to this Guarantee, no security of whatever kind is, or shall at any time be, provided by the Guarantor or any other person securing rights of the

solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

Nachträglich können weder der Nachrang gemäß Ziffer 2(b) beschränkt noch die Laufzeit der Garantie begrenzt oder die Kündigungsfristen verkürzt werden.

- (e) Es ist Sinn und Zweck dieser Garantie sicherzustellen, dass die Anleihegläubiger unter allen Umständen, ob rechtlicher oder tatsächlicher Natur, und unabhängig von der Wirksamkeit oder Durchsetzbarkeit der Verpflichtungen der Emittentin oder der Gesellschaft (außer der Garantin), die gegebenenfalls die Emittentin gemäß § 11 der Anleihebedingungen ersetzt hat (die "**Neue Emittentin**"), und unabhängig von sonstigen Gründen, aufgrund derer eine Zahlung durch die Emittentin oder die Neue Emittentin unterbleiben mag, die zahlbaren Kapitalbeträge, Zinsen und sonstigen aufgrund der Anleihebedingungen an die Anleihegläubiger zahlbaren Beträge zu den Fälligkeitsterminen erhalten, die in den Anleihebedingungen festgesetzt sind.
- (f) Falls eine von der Emittentin an die Anleihegläubiger geleistete Zahlungen nachträglich aufgrund geltenden Insolvenzrechts oder dessen offiziellen Auslegung an die Emittentin, die Insolvenzmasse, den Insolvenzverwalter oder an eine andere Partei zurückgezahlt werden muss, lebt diese Garantie bezüglich des so zurückbezahlten Betrags wieder auf.
- 3** Sämtliche Zahlungen aus dieser Garantie werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art ("**Steuern**") geleistet, die von dem Großherzogtum Luxemburg bzw. der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Falle wird die Garantin, vorbehaltlich der Ausnahmen

Bondholders.

No subsequent agreement may limit the subordination pursuant to the provisions set out in Clause 2(b) or limit the term of the Guarantee or shorten any applicable termination period (*Kündigungsfrist*).

- (e) The intent and purpose of this Guarantee is to ensure that the Bondholders under all circumstances, whether factual or legal, and regardless of the validity and enforceability of the obligations of the Issuer or the company (other than the Guarantor) which may have been substituted for the same (the "**Substitute Issuer**") pursuant to § 11 of the Terms and Conditions, or of any other grounds on the basis of which the Issuer or the Substitute Issuer may fail to effect payment, shall receive the amounts payable as principal, interest and other amounts payable to the Bondholders pursuant to the Terms and Conditions on the due dates therefore provided for in the Terms and Conditions.
- (f) If any payment made by the Issuer to the Bondholders is subsequently required to be repaid to the Issuer or its insolvency estate, the insolvency administrator or any other party in whole or in part under any applicable insolvency law or official interpretation thereof, then the Guarantee shall be reinstated in relation to the amounts that have been so repaid.
- 3** All payments under this Guarantee will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Grand Duchy of Luxembourg or the Federal Republic of Germany (as the case may be) or any political subdivision or any authority of or in the Grand Duchy of Luxembourg or the Federal Republic of Germany (as the case may be) that has power to tax, unless that withholding or deduction is required by law. In that event, the Guarantor (as the case may be) will, except as

	gemäß § 6 der Anleihebedingungen, zusätzliche Beträge zahlen (die " Zusätzlichen Beträge "), so dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten.		otherwise provided for in § 6 of the Terms and Conditions, pay such additional amounts (the " Additional Amounts ") as will result in receipt by the Bondholders of the same amounts as they would have received if no such withholding or deduction had been required.
4	Diese Garantie und alle darin enthaltenen Vereinbarungen stellen einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar. Sie begründen das Recht eines jeden Anleihegläubigers, die Erfüllung der hierin eingegangenen Verpflichtungen unmittelbar von der Garantin zu fordern und diese Verpflichtungen unmittelbar gegenüber der Garantin durchzusetzen.	4	This Guarantee and all undertakings contained herein constitute a contract for the benefit of the Bondholders from time to time as third party beneficiaries pursuant to § 328(1) of the German Civil Code (<i>Bürgerliches Gesetzbuch</i> - BGB). They give rise to the right of each such Bondholder to require performance of the obligations undertaken herein directly from the Guarantor, and to enforce such obligations directly against the Guarantor.
5	Die Hauptzahlstelle handelt nicht als Treuhänder oder in einer ähnlichen Eigenschaft für die Anleihegläubiger.	5	The Principal Paying Agent does not act in a fiduciary or in any other similar capacity for the Bondholders.
6	Verschiedene Bestimmungen	6	Miscellaneous Provisions
(a)	Diese Garantie unterliegt deutschem Recht.	(a)	This Guarantee shall be governed by, and construed in accordance with, German law.
(b)	Erfüllungsort ist Frankfurt am Main.	(b)	Place of performance shall be Frankfurt am Main.
(c)	Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in dieser Garantie geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland. Die Garantin verzichtet unwiderruflich darauf, gegenwärtig oder zukünftig gegen die Gerichte in Frankfurt am Main als Forum für Rechtsstreitigkeiten Einwände zu erheben, und versichert, keines der Gerichte in Frankfurt am Main als ungelegenes oder unangemessenes Forum zu bezeichnen.	(c)	To the extent legally permissible, exclusive place of jurisdiction for all proceedings arising from matters provided for in this Guarantee will be Frankfurt am Main, Federal Republic of Germany. The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of Frankfurt am Main being nominated as the forum to hear and determine any proceedings and to settle any disputes, and agrees not to claim that any of those courts is not a convenient or appropriate forum.
(d)	Jeder Anleihegläubiger kann in jedem Rechtsstreit gegen die Garantin und in jedem Rechtsstreit, in dem er und die Garantin Partei sind, seine Rechte aus dieser Garantie auf der Grundlage einer von einer vertretungsberechtigten Person der Hauptzahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.	(d)	On the basis of a copy of this Guarantee certified as being a true copy by a duly authorised officer of the Principal Paying Agent, each Bondholder may protect and enforce in its own name its rights arising under this Guarantee in any legal proceedings against the Guarantor or to which such Bondholder and the Guarantor are parties, without the need for presentation of this Guarantee in such

(e) Die Hauptzahlstelle verpflichtet sich, das Original dieser Garantie bis zur Erfüllung sämtlicher Verpflichtungen aus den Schuldverschreibungen und dieser Garantie zu verwahren.

7 Für Änderungen der Bedingungen der Garantie durch Beschluss der Anleihegläubiger mit Zustimmung der Garantin gilt § 12 der Anleihebedingungen entsprechend.

8 Diese Garantie ist in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

Hannover, 10. September 2010

Hannover Rückversicherung AG

Wir nehmen die Bedingungen der vorstehenden Garantie im Namen der Anleihegläubiger ohne Obligo, Gewährleistung oder Haftung an.

Luxemburg, 10. September 2010

BNP Paribas Securities Services, Luxembourg Branch

Durch:

proceedings.

(e) The Principal Paying Agent agrees to hold the original copy of this Guarantee in custody until all obligations under the Bonds and this Guarantee have been fulfilled.

7 In relation to amendments of the terms of the Guarantee by resolution of the Bondholders with the consent of the Guarantor, § 12 of the Terms and Conditions applies *mutatis mutandis*.

8 This Guarantee is written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.

Hannover, 10 September 2010

Hannover Rückversicherung AG

We accept the terms of the above Guarantee on behalf of the Bondholders without recourse, warranty or liability.

Luxembourg, 10 September 2010

BNP Paribas Securities Services, Luxembourg Branch

By:

GENERAL INFORMATION ON THE GUARANTOR AND THE HANNOVER RE GROUP

Overview

Hannover Re Group, with a gross written premium of around € 10 billion, is one of the leading reinsurance groups in the world.

It transacts all lines of non-life and life and health reinsurance and maintains business relations with more than 5,000 insurance companies in about 150 countries. Its worldwide network consists of more than 100 subsidiaries, branch and representative offices on all five continents with a total staff of roughly 2,100.

The Hannover Re Group has two business segments: non-life reinsurance, which in 2009 contributed 56% to the Hannover Re Group's gross written premiums, as well as life and health reinsurance (44%).

Hannover Rückversicherung AG

Incorporation, Corporate Seat, Duration, Corporate Purpose and Regulation

The Guarantor was incorporated as a stock corporation under German law on 6 June 1966 in Bochum under the name "Aktiengesellschaft für Transport und Rückversicherung". The founders of the Guarantor were Feuerschadenverband Rheinisch Westfälischer Zechen V.a.G., Haftpflichtverband der Deutschen Industrie V.a.G., Haftpflicht Unterstützungs Kasse kraftfahrender Beamter Deutschlands a.G., Schadensschutzverband GmbH and Westfalen Bank AG. The major shareholders of the Guarantor, namely Feuerschadenverband Rheinisch Westfälischer Zechen V.a.G. and Haftpflichtverband der Deutschen Industrie V.a.G., later merged to form HDI Haftpflichtverband der Deutschen Industrie V.a.G. ("**HDI**"), which now indirectly holds the shares of the Guarantor through Talanx Aktiengesellschaft ("**Talanx**").

The registered office of the Guarantor is at Karl-Wiechert-Allee 50, 30625 Hannover, Germany, Tel. +49 511 5604-0. The Guarantor is registered with the Commercial Register of the Local Court (*Amtsgericht*) Hannover under the registration number HRB 6778. The corporate purpose of the Guarantor, as stated in its articles of association, is to pursue activities in the reinsurance business. The Guarantor may also engage in other insurance business.

The duration of the Guarantor is unlimited.

Announcements of the Guarantor are published in the electronic Federal Gazette of Germany (*elektronischer Bundesanzeiger*).

Share Capital, Shares and Dividends

Share Capital

As of 31 December 2009, the issued share capital of the Guarantor amounted to € 120,597,134.00, consisting of 120,597,134 ordinary registered no-par-value shares (*Stückaktien*). All shares are fully paid up and have the same voting rights.

The Guarantor has, according to section 6 of its articles of association, a conditional capital (*bedingtes Kapital*) of up to € 60,298,567 corresponding to up to 60,298,567 new registered no-par-value shares with participating rights effective from the beginning of the financial year in which they are issued. The conditional capital increase can be used to grant shares to holders of convertible and warrant bonds and has a time limit of 11 May 2011.

In addition to the above, the Guarantor has an aggregate authorised share capital (*genehmigtes Kapital*) of € 60,298,567.00 that is available with a time limit of 3 May 2015. New no-par-value registered shares may be issued on one or more occasions for contributions in cash or kind. However, the executive board (*Vorstand*) of the Guarantor (the "**Executive Board**"), with the consent of the supervisory board (*Aufsichtsrat*) of the Guarantor (the "**Supervisory Board**"), may exclude the pre-emptive rights under certain circumstances as set forth in the articles of association of the Guarantor.

The ordinary shareholders' meeting of the Guarantor of 4 May 2010, authorised the Executive Board to repurchase up to 10% of its outstanding share capital. The authorisation expires on 3 May 2015 in accordance with § 71 Section 1 No. 8 Stock Corporation Act (*Aktiengesetz AktG*). As at 8 September 2010, such shares had not been repurchased.

Shares

The major shareholder Talanx holds currently 50.2% of the issued share capital of the Guarantor. The remaining 49.8% are held in free float. The shares of the Guarantor are listed for trading on all German stock exchanges; in Frankfurt and Hannover on the regulated market. The shares are represented by a global share certificate, which has been deposited with Clearstream Banking AG, Frankfurt am Main. The shareholders are not entitled to request the delivery of share certificates.

The annual ordinary general meeting of shareholders of the Guarantor takes place at least once a year and passes resolutions with respect to the allocation and distribution of profits and the discharge of responsibilities of the Executive Board and the Supervisory Board. The meeting takes place within the first fourteen months after the end of the financial year and is called by the Executive Board. To attend and vote, shareholders must be registered in the share register of the Guarantor and give advanced notice of their intention to attend and vote. The announcement of a shareholders' meeting must be published in the electronic Federal Gazette of Germany (*elektronischer Bundesanzeiger*). For further information please see the current articles of association (<http://www.hannover-re.com/media/brochures/index.html>).

At the shareholders' meeting, each share shall have one vote.

Dividends

Dividends are proposed by the Supervisory Board and Executive Board, and are approved at the annual ordinary general meeting of shareholders. If approved, dividends are paid once a year promptly following the general meeting. Dividends may be declared and paid from the balance sheet profit (*Bilanzgewinn*) only, as shown in the annual financial statements. The annual financial statements are adopted and approved by resolution of the Executive Board and the Supervisory Board. In determining the distributable balance sheet profits, the Executive Board and the Supervisory Board are authorised to allocate to other revenue reserves (*andere Gewinnrücklagen*) up to 50% of the net income (*Jahresüberschuss*) that remains after deduction of amounts to be allocated to the statutory reserves and losses carried forward. The ordinary general meeting, which resolves on the distribution of profits, is entitled to allocate additional amounts to the profit reserves and to carry forward the profits in part or in full.

For the financial years 2007, 2008 and 2009 the Guarantor has paid the following dividends on fully paid up shares:

	Dividend
	€
2007	2.30
2008	-
2009	2.10

Material Contracts

The Guarantor has not entered into any material contracts other than in the ordinary course of business which could result in the Guarantor being in an obligation or entitlement that is material to the Guarantor's ability to meet its obligations to Bondholder under the Bonds.

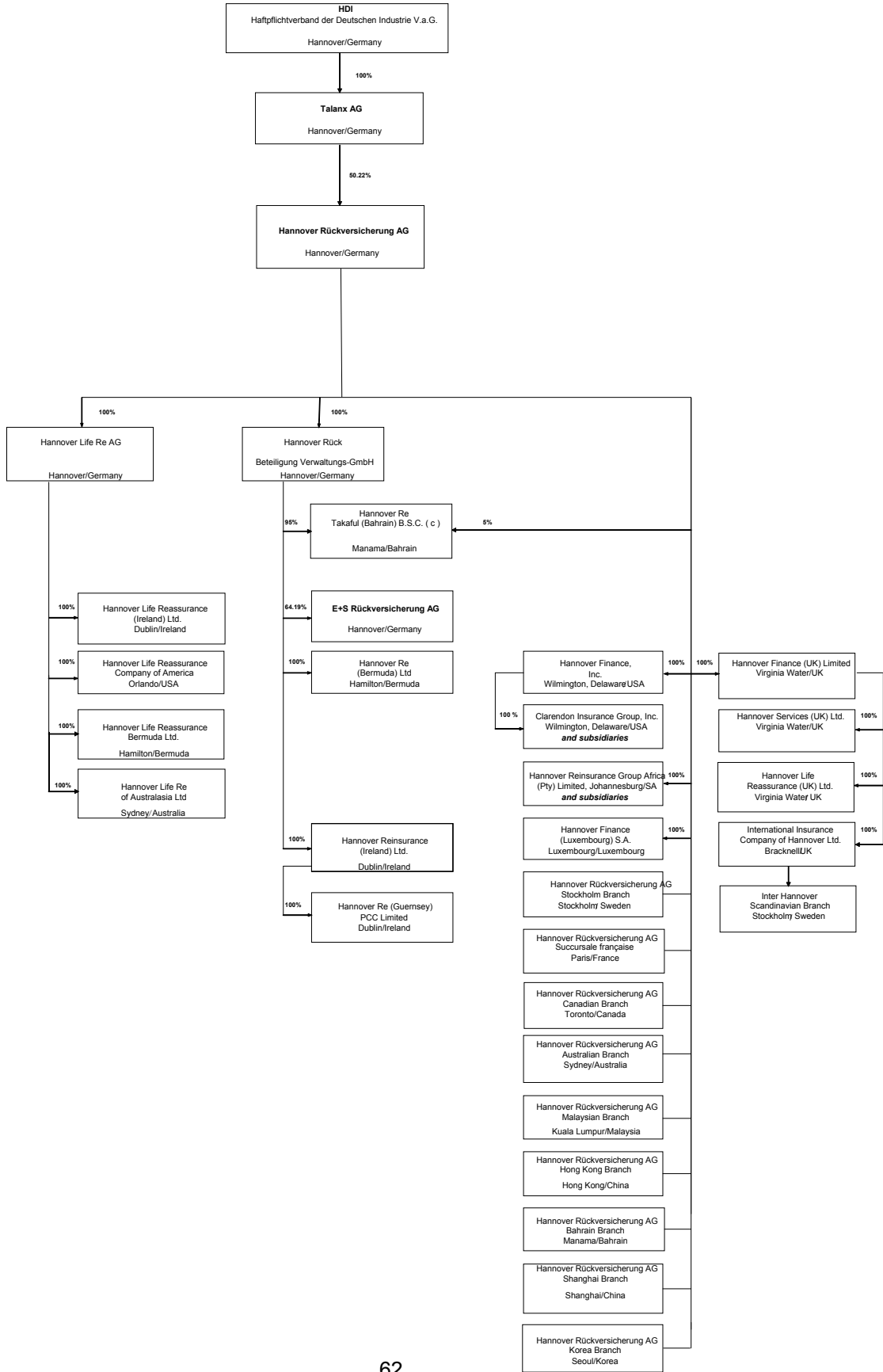
Organisational Structure

The Guarantor is the parent company of the Hannover Re Group. The consolidated financial statement includes 15 (in 2008: 14) German and 19 (19) foreign companies, as well as three (three) foreign subgroups. Three (three) German and two (two) foreign associated companies were consolidated using the equity method.

The Guarantor conducts its own reinsurance business and also operates as a holding company, performing management and control functions within the Hannover Re Group. As of 31 December 2009, total assets of Hannover Re Group amounted to € 42.3 billion. As of 31 December 2009, Hannover Re Group globally employed a total of 2,069 employees, consisting of 1,032 in Germany, 336 in the US, 164 in South Africa, 162 in the UK and Ireland and 375 in other countries.

The following chart gives an overview of the major operating subsidiaries of Hannover Re Group as per 31 December 2009:

Hannover Re Group Structure



As at 31 December 2009, the major operating subsidiaries of the Guarantor were:

E+S Rückversicherung AG, Hannover/Germany

E+S Rückversicherung AG, Hannover, is a 64.19% owned subsidiary of the Guarantor.¹ The majority of the remaining shares are held by eight German mutual insurance companies. Within the Hannover Re Group, E+S Rückversicherung AG is exclusively responsible for the German business and operates in both property and casualty reinsurance as well as life and health reinsurance segments.

Hannover Life Reassurance Company of America, Orlando/USA

Operating under the brand name "Hannover Life Re" Hannover Life Reassurance Company of America is one of the largest foreign operational risk carrier within the Hannover Re Group, serving mainly the U.S. market. Its focus is on designing custom solutions for clients in the Life and Health reinsurance market.

Hannover Re (Bermuda) Ltd., Hamilton/Bermuda

Hannover Re (Bermuda) Ltd. ("**HR Bermuda**") in Hamilton/Bermuda was established in 2001 and is a wholly owned subsidiary of the Guarantor. HR Bermuda participates in various excess of loss property catastrophe reinsurance contracts.

HR Bermuda was formed to be the centre of excellence within the Hannover Re Group for the writing of property catastrophe business. By setting up the company in the Bermuda market Hannover secured its presence in the most active reinsurance environment.

Other operating subsidiaries of the Hannover Re Group include:

Hannover Life Re of Australasia Ltd., Sydney/Australia

Hannover Life Reassurance (UK) Limited, Virginia Water/United Kingdom

International Insurance Company of Hannover Ltd., Bracknell/United Kingdom

Hannover Life Reassurance (Ireland) Limited, Dublin/Ireland

Hannover Reinsurance (Ireland) Ltd., Dublin/Ireland

Hannover Reinsurance Group Africa (Pty) Ltd., Johannesburg/South Africa

Clarendon Insurance Group, Wilmington, Delaware/USA.

Business Overview

Non-life reinsurance

Hannover Re Group writes virtually all classes of non-life reinsurance on a global scale. Accounting for more than half of gross premium income, non-life reinsurance remains Hannover Re Group's largest and most important business group. Hannover Re Group does not pursue any growth targets here, but is instead guided by active cycle management according to which business is expanded if the rate situation is favourable and the portfolio is scaled back if prices are inadequate.

Hannover Re Group splits its portfolio into three sections: target markets, specialty lines and global reinsurance.

Hannover Re Group considers Germany and North America to be target markets. They account for around 30% of Hannover Re Group's gross premium volume in non-life reinsurance. Germany is the second-largest non-life reinsurance market in the world. The German market is served by the

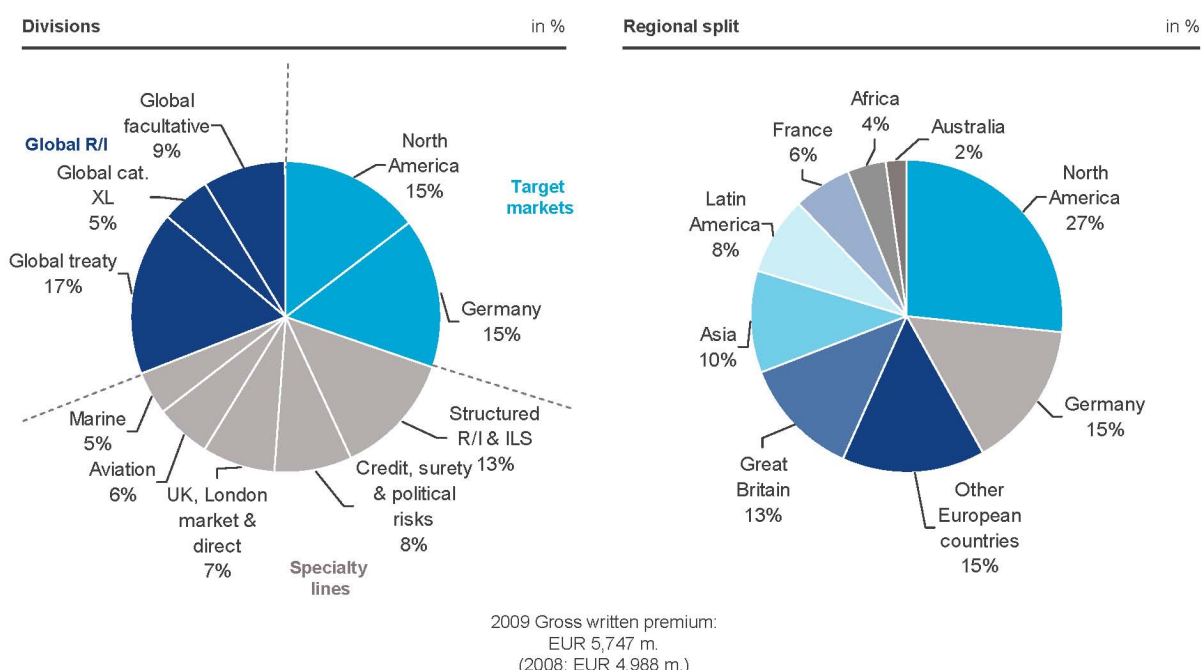
¹ In Q1 2010, the Guarantor sold 0.5% of its E+S Rückversicherungs AG shares, reducing its shareholding to 63.69%.

Guarantor's subsidiary E+S Rück which continues to rank as one of the leading providers in Germany. The North American (re)insurance market is the world's largest single market and currently the second-most important for Hannover Re Group's portfolio.

The specialty lines segment includes marine and aviation business, credit/surety, structured products, ILS (Insurance-Linked Securities), the London Market and direct business.

Hannover Re Group combines all markets worldwide under global reinsurance, with the exception of the target markets of Germany and North America and the specialty lines. This segment also encompasses a number of specialised areas such as worldwide catastrophe business, facultative reinsurance, agricultural risks and Sharia-compliant retakaful business.

The following charts provide an overview of the split of non-life segment gross written premium (split within divisions as well as a regional split) for the financial year 2009:



Life and health reinsurance

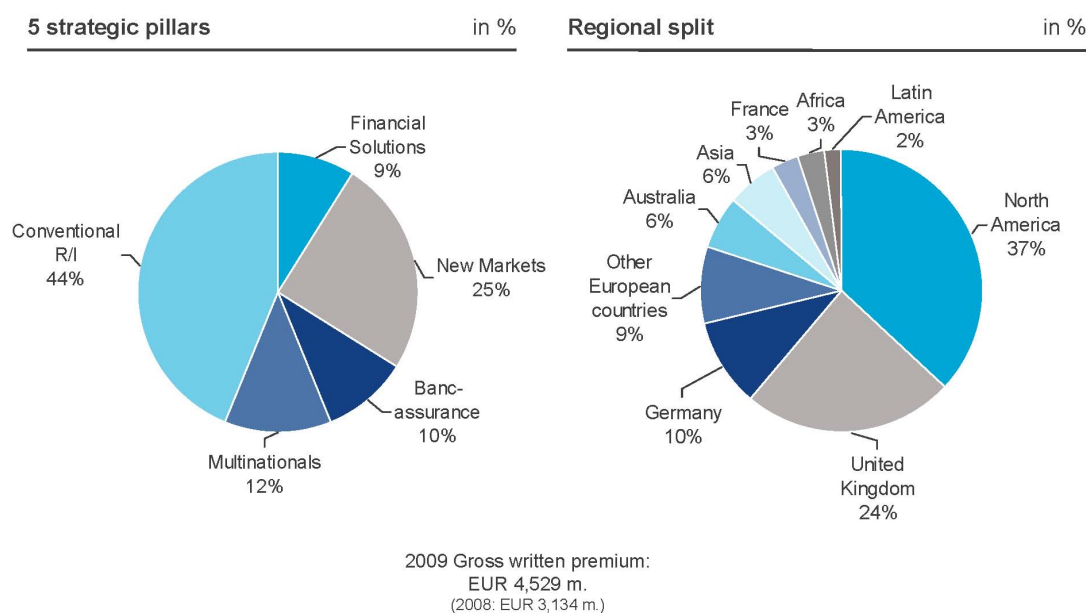
Reinsurance activities in the life, annuity and health insurance lines are combined under the worldwide Hannover Life Re brand. Hannover Re Group also reinsures personal accident insurance in this business group, insofar as it is transacted by life insurers. The business segment is considered a strategic growth segment for the Hannover Re Group.

The business group structures its customer relationships as long-term partnerships with the goal of designing customised solutions to its clients' individual problems. Life reinsurance is transacted on the basis of a five-pillar model which takes account of distinct customer-oriented products and services:

- Financial solutions:
Worldwide: new business financing, block assumption transactions in life, personal accident and annuities

- **New Markets:**
Worldwide: inventing and pioneering new markets, e.g. enhanced annuities, products for senior citizens and takaful
- **Bancassurance:**
Current emphasis on Southern Europe, Scandinavia, selected Asian markets
- **Multinationals:**
Preferred partner of various major international groups of life companies
- **Conventional R/I:**
Selected lines of business: life, cyclical, critical illness and health
Selected markets: USA, UK, Australia, Asia, South Africa and Latin America

The following charts provide an overview of the split of life and health gross written premium (split within strategic pillars as well as a regional split) for the financial year 2009:



Business development overview

Both business groups, namely non-life reinsurance and life/health reinsurance, were instrumental in driving a positive development of the Hannover Re Group in 2009. The performance of life and health reinsurance was also assisted by positive non-recurring effects. These materialised in part in connection with the acquisition of a large US life reinsurance portfolio, and can also be attributed to the reduced risk premiums for corporate bonds. Even if these one-off effects – which will not be repeated on this scale – are factored out, the outcome of the 2009 financial year was positive both for the life and health reinsurance business group and for Hannover Re Group as a whole.

The Guarantor believes that the reinsurance industry in general displayed fortitude in the face of the financial and economic crisis. This also served to make evident the value of reinsurance covers for risk management purposes, which, in turn, ultimately prompted stronger demand for reinsurance on both the non-life and life/health sides. The Group was able to benefit from this stronger demand. This is borne out by the organic growth of more than 15% in both business groups. After several years of shrinking premium income, the Hannover Re Group increased its premium in 2009. Gross written premium in total business increased by 26.5% to € 10.3 billion (€ 8.1 billion as at 31

December 2008). Net premium earned increased by 31.8% to € 9.3 billion (€ 7.1 billion as at 31 December 2008).

The operating profit (EBIT) increased strongly to € 1.1 billion (€ 148.1 million as at 31 December 2008). The net loss of –€ 127.0 million recorded in the 2008 financial year had been derived from the repercussions of the financial market crisis. The Hannover Re Group net income for 2009 increased by € 858.2 million to € 731.2 million, in part assisted by special effects associated with the ING life reinsurance portfolio as well as by funds withheld by ceding companies. Earnings per share stood at € 6.06 (–€ 1.05 as at 31 December 2008).

Non-life reinsurance

The Guarantor believes that the capital squeeze in the global insurance industry triggered by the financial market crisis stimulated demand for reinsurance. Prices were broadly commensurate with the risks, although the rate increases in some segments – such as US casualty business – were still not adequate. In accordance with Hannover Re Group's underwriting policy, exposures in these areas were therefore further reduced.

After several years of premium declines, the gross premium volume for the non-life reinsurance business group increased by 15.2% to € 5.7 billion (€ 5.0 billion as at 31 December 2008) in 2009. At constant exchange rates, especially relative to the US dollar, growth would have amounted to 13.4%. The level of retained premium rose from 88.9% to 94.1% as a consequence of lower retrocessions. Net premium earned grew by 22.3% to € 5.2 billion (€ 4.3 billion as at 31 December 2008).

Catastrophe losses remained below average in 2009, in part due to a rather unremarkable hurricane season. The Guarantor, therefore, believes that despite a series of devastating natural disasters, the repercussions on the reinsurance industry were slight. The largest single event in 2009 for Hannover Re Group was the severe bush fire in Australia at a cost of € 34.7 million net of reinsurance, followed by winter storm "Klaus" with a cost of € 33.8 million net of reinsurance. The crash of the Air France Airbus resulted in a loss of € 33.8 million net of reinsurance for Hannover Re Group.

Total net expenditure on major claims² in 2009 amounted to € 239.8 million (€ 464.6 million as at 31 December 2008). The combined ratio³ stood at 96.6% (95.4% as at 31 December 2008) in 2009.

The underwriting result decreased to € 143.5 million (€ 184.7 million as at 31 December 2008). Net investment income improved to € 563.2 million (€ 11.1 million as at 31 December 2008), having been impacted by the need to take major write-downs on equities in the previous year. The operating profit (EBIT) in non-life reinsurance increased strongly to € 731.4 million (€ 2.3 million as at 31 December 2008). Hannover Re Group net income grew to € 472.6 million (–€ 160.9 million as at 31 December 2008).

Life and health reinsurance

The Guarantor believes that, given the weakened solvency position of life insurers, the need for reinsurance solutions continued to grow during 2009; and demand thus increased in 2009 for risk- and financially oriented products.

Hannover Re Group's strategic orientation in the US market achieved the assumption of a large portfolio of US life insurance risks (ING life reinsurance portfolio) containing about four million reinsured policies.

² Natural catastrophes and other major losses in excess of € 5 million gross for the Hannover Re Group's share.

³ Combined ratio is defined to be net of reinsurance.

The life reinsurance business group's gross written premium income recorded in 2009 totalled € 4.5 billion, an increase of 44.5% relative to the previous year's figure of € 3.1 billion. While the assumption of the ING life reinsurance portfolio accounted for € 0.8 billion in gross written premium volume, organic growth in the year in 2009 was also on a double-digit percentage level. At constant exchange rates the gross premium would have grown by 46.2%. Net premium earned amounted to € 4.1 billion, while the retention stood at 90.7%.

The operating profit (EBIT) increased to € 372.2 million, generating an EBIT margin of 9.1%. Factoring out the non-recurring one-off effects associated with assumption of the ING life reinsurance portfolio as well as with the fair value adjustments taken on reinsurance deposits furnished to cedants in the United States and United Kingdom, the ordinary operating profit stands at € 230 million.

With a tax ratio of 19.7% and after allowance for minority interests, consolidated net income after tax thus amounted tot € 295.5 million (€ 78.3 million). This was equivalent to earnings of € 2.45 per share.

Competition

As one of the worldwide leading reinsurers, Hannover Re Group competes with reinsurance companies in all regions of the world. The Guarantor believes that the main competitors for Hannover Re Group are Swiss Re, Munich Re, SCOR and several Lloyd's syndicates.

Investments

In 2009, the portfolio of assets under own management showed further growth and reached € 22.5 billion due to positive cash flow from the technical account. Ordinary investment income fell slightly short of the previous year at € 810.5 million (€ 829.8 million as at 31 December 2008). This was due to lower reinvestment yields than those attainable in the course of the previous year.

The balance of deposit interest and expenses was higher at € 276.8 million in 2009 (€ 199.6 million as at 31 December 2008).

Write-downs of € 141.3 million (€ 479.9 million as at 31 December 2008) were taken on investments (excluding real estate) in 2009. Of this total amount, € 92.7 million (€ 26.9 million as at 31 December 2008) were attributable to participating interests and other financial assets – principally private equity and real estate funds. Owing to the minimal holding of equities, write-downs of a mere € 3.2 million (€ 356.1 million as at 31 December 2008) were taken in 2009. In the area of fixed-income assets they were halved to € 45.4 million (€ 96.9 million as at 31 December 2008).

In light of increased fair values, these write-downs in 2009 contrasted with write-ups of € 20.1 million (– as at 31 December 2008) on fixed-income securities and funds that had been written down in prior periods. Net gains of € 113.0 million were realised on disposals, as against a net loss of –€ 113.6 million in the previous year. Unrealised gains on asset holdings measured at fair value through profit or loss amounted to € 100.6 million in 2009, contrasting with unrealised losses of –€ 119.7 million in the previous year. The positive development can be attributed primarily to the derivatives embedded in US life reinsurance contracts.

The Hannover Re Group substantially increased its net investment income to more than € 1.1 billion (€ 278.5 million as at 31 December 2008) in 2009 due first and foremost to the development of unrealised gains and the considerably lower volume of write-downs.

The portfolio of fixed-income securities increased to € 19.7 billion (€ 17.9 billion as at 31 December 2008) in 2009, first and foremost due to inflows of cash from the technical account. The funds were invested predominantly in government bonds and corporate bonds. Hidden reserves for fixed-income securities recognised in shareholders' equity totalled € 252.3 million (€ 101.7 million as at

31 December 2008). This increase was also similarly reflected as an increase in the shareholders' equity recognised in the balance sheet. The spread of asset classes naturally shifted towards sovereign risks at the expense of semi governmental bonds owing to the numerous state guarantees invoked in the public financial sector. The Guarantor believes that the quality of the bonds – measured in terms of rating categories – was maintained on a consistently high level. The proportion of securities⁴ rated "A" or better – at 91.7% – was slightly lower in 2009 than in the previous year (92.9%).

Litigation and Proceedings

Within the scope of their ordinary business activities the companies of the Hannover Re Group are involved in judicial and extra-judicial proceedings in Germany and abroad both as plaintiffs or petitioners and as defendants or respondents, in their capacity as reinsurance and insurance companies, taxpayers and employers, respectively. It is not feasible to predict or determine the ultimate outcome of these proceedings. The Guarantor, however, does not believe that the outcome of these pending or threatened proceedings from ordinary business activities will have significant effects on the financial position or profitability of the Hannover Re Group, after consideration of any applicable reserves, in such a way that the ability to perform the obligations under the bonds would be materially adversely affected.

German Financial Reporting Enforcement Panel Audit

The Hannover Re Group is currently subject to a sample audit (*stichprobenartige Prüfung*) by the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V., the "DPR"). The DPR examines on the basis of Articles 342 et seq. German Commercial Code the consolidated financial statements of companies relevant to the capital markets to ensure that these financial statements have been properly prepared. The subject of the audit are Hannover Re Group's consolidated financial statements and management report for the 2008 fiscal year as well as the Guarantor's annual financial statements and management report for the fiscal year 2008. Since the audit commenced in August 2009 documents have been requested and provided by the Guarantor in a number of cycles. The Guarantor is not aware of any written findings suggesting that the financial statements and management reports, which received unqualified auditors' opinions from the external auditors were not prepared properly.

⁴ Except for derivative instruments on fixed income securities.

Management

Executive Board

The Executive Board consists of six members. As of the date of this Prospectus the members and their respective responsibilities are:

Name	Position
Ulrich Wallin	Chairman; Controlling; Internal Auditing; Risk Management; Corporate Communications; Corporate Development; Human Resources Management
André Arrago	Non-Life Treaty Reinsurance worldwide excluding Great Britain and Ireland, North America, Germany, Austria, Switzerland and Italy; Agricultural Risks and Facultative Business worldwide
Dr. Wolf Becke	Life and Health reinsurance markets other than Northern and Central Europe
Dr. Klaus Miller	Life and Health reinsurance markets Northern and Central Europe
Jürgen Gräber	Coordination of worldwide Non-Life Reinsurance; Quotations Non-Life Reinsurance; Specialty Lines worldwide (Aviation and Space, Marine, Offshore Energy as well as Credit, Surety and Political Risk); Non-Life Treaty Reinsurance Great Britain and Ireland; Structured Reinsurance worldwide; Retrocessions; Insurance-Linked Securities
Roland Vogel (Deputy Member)	Finance and Accounting; Asset Management; Information Technology; Facility Management
Dr. Michael Pickel	Non-Life Treaty Reinsurance North America, Germany, Austria, Switzerland and Italy; Group Legal Services & Compliance; Run Off Solutions

The Guarantor has not been notified and has otherwise not been informed by any of the members of the Executive Board named above about any potential conflicts of interest between the obligations of the persons towards the Guarantor and their own interests or other obligations.

The business address of the members of the Executive Board is Karl-Wiechert-Allee 50, D-30625 Hannover.

Supervisory Board

As of the date of this Prospectus the following individuals are members of the Supervisory Board:

Name	Position within Supervisory Board	Principal Outside Activity
Herbert K. Haas	Chairman	Chairman of the Board of Management of Talanx AG Chairman of the Board of Management of HDI Haftpflichtverband der Deutschen Industrie
Dr. Immo Querner	Member	Member of the Board of Management of Talanx AG Member of the Board of Management of HDI Haftpflichtverband der Deutschen Industrie V.a.G.
Wolf-Dieter Baumgartl	Member	Chairman of the supervisory board of Talanx AG Chairman of the supervisory board of HDI Haftpflichtverband der Deutschen Industrie V.a.G.
Uwe Kramp	Member (staff representative)	
Ass. jur. Otto Müller	Member (staff representative)	
Gert Waechtler	Member (staff representative)	
Karl Heinz Midunsky	Member	Former Corporate Vice President and Treasurer Siemens AG
Dr. Klaus Sturany	Deputy Member	Member of various supervisory boards
Dr. Erhard Schipporeit	Member	Former member of the executive board of E.ON Aktiengesellschaft

The Guarantor has not been notified and has otherwise not been informed by any of the members of the Supervisory Board named above about any potential conflicts of interest between the obligations of the persons towards the Guarantor and their own interests or other obligations

Share Ownership

Members of the Supervisory Board and Executive Board as well as of the parent companies and their spouses or registered partners and first-degree relatives hold less than 1% of the issued shares. As at 31 December 2009, the total holding amounted to 0.055% of the issued shares, i.e. 66.086 shares. The total volume of stock appreciation rights held by members of the Executive Board on the basis of the virtual stock option plan as at 31 December 2009 amounted to 0.4% of 120,597,134 shares issued by the Guarantor .

Financial Year

The financial year of the Guarantor is the calendar year.

Auditors

The auditors of the Guarantor and the consolidated financial statements of Hannover Re Group are KPMG AG Wirtschaftsprüfungsgesellschaft, Osterstr. 40, D-30159 Hannover. KPMG AG

Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Auditors (*Wirtschaftsprüferkammer*). The financial statements of the Guarantor as of 31 December 2008 as well as 31 December 2009 and the consolidated financial statements of the Hannover Re Group as of 31 December 2008 as well as 31 December 2009 were audited by the auditors and the auditors have in each case issued an unqualified auditors' opinion.

Recent developments/Trend Information

While the burden of major losses in the second quarter of 2010 was lower than in the first quarter, it again exceeded the expected level for the second quarter. The loss of the "Deepwater Horizon" drilling rig in the Gulf of Mexico in April resulted in substantial environmental damage as well as corresponding strains for the insurance industry. Given the considerable uncertainty surrounding possible liability claims, the total loss expenditures are still difficult to forecast at the present time. The loss reserves that the Hannover Re Group has established – giving rise to a net strain of EUR 88.9 million – reflect all concrete and potential exposures of our portfolio from this loss complex that are currently known to the Hannover Re Group. The largest single loss for the Hannover Re Group in 2010 was the earthquake in Chile with a net strain of EUR 182.1 million net of reinsurance. Altogether, the net burden of major losses in the first half-year stood at EUR 407.6 million (EUR 163.3 million), a figure appreciably higher than the expected level. The combined ratio non-life net of reinsurance of 99.5% (97.1% as at 30 June 2009) was assisted by positive effects from the run-off of reserves for prior years in the first quarter 2010.

The Hannover Re Group's risk from government bonds issued by Greece, Portugal, Spain, Italy and Ireland is limited. Hannover Re Group's total exposure in this regard is around EUR 404 million as of 30 June 2010; this is equivalent to a mere 1.6% of the assets under own management. Thereof, Hannover Re Group has only a minimal investment of EUR 30 million in Greek government bonds.

There has been no significant change in the financial or trading position of the Guarantor since 30 June 2010, other than as disclosed in this Prospectus. In addition, there has been no material adverse change in the prospects of the Guarantor since 31 December 2009.

GENERAL INFORMATION ON THE ISSUER

Incorporation, Corporate Seat, Duration and Objects

The Issuer was incorporated as a public limited liability company (*société anonyme*) for an unlimited duration on 8 February 2001 in Luxembourg. It has its registered office at 5, Rue Eugène Ruppert, L-2453 Luxembourg, Tel. +352 26 20 35 59. The Issuer was registered on 28 February 2001 with the trade and companies register at the district court of Luxembourg under number B 80692 and its articles of incorporation were published in the Mémorial C number 804, Recueil des Sociétés et Associations ("**Mémorial C**") of Luxembourg on 25 September 2001. The articles of incorporation of the Issuer were amended on 14 July 2003, 21 July 2005 and 7 December 2006. Changes have been published in the Mémorial C number 889, 1391 and 172 on 29 August 2003, 15 December 2005 and 13 February 2007 respectively.

Business Overview

The principal activities of the Issuer, in line with its business objects, are to carry out the holding of participations, in any form whatsoever, directly or indirectly, in Luxembourg or in foreign companies, the acquisition by purchase, subscription or in any other way of stocks, bonds, notes, debentures or other securities of any kind; the securitisation of loans as well as the transfer by sale, exchange or otherwise and the holding, development and management of these securities.

The Issuer may enter into loans of any nature, issue debt securities as well as it may enter into any other type of secured liabilities. The Issuer may grant loans to its subsidiaries or to any other companies of the Hannover Re Group. The Issuer may also stand surety for its subsidiaries or any other companies of the Hannover Re Group vis-à-vis third parties. The Issuer may pledge its assets in total or in part in favour of any person which puts any necessary financial resources at its disposal.

Share Capital

The issued paid in capital of the Issuer of € 7,000,000 consists of 7,000 registered ordinary shares with par value of € 1,000 per share. Together with a share premium account (*Ausgabeagio*) of € 137,000,000, the share capital amounts to € 144,000,000.

Ownership

All 7,000 shares are held by the Guarantor.

Material Contracts

The Issuer has not entered into any material contracts other than in the ordinary course of business which could result in the Issuer being in an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholder under the Bonds.

Management

The Issuer has a Board of Directors (*Conseil d'administration*) consisting of three directors. The Issuer has one employee. The Board of Directors consists of:

Roland Vogel (Chairman)

Bruno Vanderschelden (Executive Director)

Markus Müller (until 22 August 2010)

Olaf Brock (from 22 August 2010)

The business address of the members of the Board of Directors is 5, Rue Eugène Ruppert, L-2453 Luxembourg.

In addition to being the chairman of the Issuer, Roland Vogel is also member of the Executive Board of the Guarantor and of certain other companies within the Hannover Re Group.

There are no conflicts of interest between the private interests of the members of the Board of Directors and their respective duties vis-à-vis the Issuer.

Financial Year

The financial year of the Issuer is the calendar year.

Auditors

The Issuer's approved auditor (*Réviser d'Entreprises agréé*) is KPMG Audit S.à.r.l., having its registered office at 9, allée Scheffer, L-2520 Luxembourg. KPMG Audit S.à.r.l. is a member of the Institut des Réviseurs d'Entreprises. The financial statements of the Issuer as of 31 December 2008 as well as 31 December 2009 were audited by the auditors and the auditors have in each case issued an unqualified auditors' opinion.

Recent Developments/Trend Information

There has been no significant change in the financial or trading position of the Issuer since 31 December 2009, other than as disclosed in this Prospectus.

In addition, there has been no material adverse change in the prospects of the Issuer since 31 December 2009.

TAXATION

The following is a general description of certain tax considerations relating to the purchasing, holding and disposing of Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular bondholder. The discussions that follow for each jurisdiction are based upon the applicable laws in force and their interpretation on the date of this Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retroactive effect.

The information contained in this section is limited to taxation issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds.

Prospective holders of Bonds ("Bondholders") should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Bonds, including the application and effect of any federal, state or local taxes, under the tax laws of Germany, Luxembourg and each country of which they are residents or citizens.

Taxation in Germany

The following summary does not consider all aspects of income taxation in Germany that may be relevant to a holder of the Bonds in the light of the holder's particular circumstances and income tax situation. The summary applies to investors holding the Bonds as private investment assets (except where explicitly stated otherwise) and is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on German tax laws and regulations, all as currently in effect (except where explicitly stated otherwise) and all subject to change at any time, possibly with retroactive effect. **Prospective holders should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Bonds, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.**

German resident Bondholders

Interest income

If the Bonds are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Bonds are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax).

The flat tax is generally collected by way of withholding (see succeeding paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Bonds. If, however, no or not sufficient tax was withheld the investor will have to include the income received with respect to the Bonds in its income tax return and the flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of an available loss carry forward or a foreign tax credit). If the investor's total income tax liability on all taxable income including the investment income determined by generally applicable graduated income tax rates is lower than 25 per cent. the investor may opt to be taxed at graduated rates with respect to its investment income.

Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of 801 Euro per year (1,602 Euro for married couples filing their tax return jointly). The tax allowance is taken into account for purposes of the withholding tax (see succeeding paragraph – *Withholding tax*) if the investor files a withholding tax exemption request (*Freistellungsauftrag*) with the respective bank or financial institution where the securities deposit account to which the Bonds are allocated is held. The deduction of related expenses for tax purposes is not possible.

If the Bonds are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income from the Bonds is subject to personal income tax at graduated rates or corporate income tax (each plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The interest income will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Bonds are kept or administered in a domestic securities deposit account by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (altogether the "**Domestic Paying Agent**") which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent, is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

If Luxembourg tax was withheld on interest paid to German investors according to the Savings Directive (as defined below under the header EU Savings Tax Directive) the German investor should generally be entitled to a credit or a refund of the tax withheld against its German income tax liability. Neither the Issuer nor the Guarantor will be required, however, to pay Additional Amounts in this instance pursuant to § 6 of the Terms and Conditions.

Capital gains from disposal or redemption of the Bonds

Subject to the tax allowance for investment income described under *Interest income* above capital gains from the sale or redemption of the Bonds held as private assets are taxed at the 25 per cent. flat tax (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Bonds and the acquisition costs.

Expenses directly related to the sale or redemption are taken into account. Otherwise, the deduction of related expenses for tax purposes is not possible.

Capital losses from the Bonds held as private assets are tax-recognized irrespective of the holding period of the Bonds. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. Losses not utilized in one year may be carried forward into subsequent years but may not be carried back into preceding years.

The flat tax is generally collected by way of withholding (see succeeding paragraph – *Withholding tax*) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to

the Bonds. With respect to the return filing investors are referred to the description under *Interest income* above.

If the Bonds are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany, capital gains from the Bonds are subject to personal income tax at graduated rates or corporate income tax (plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In case of an individual investor the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The capital gains will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Bonds are kept or administered by a Domestic Paying Agent at the time of their disposal or redemption, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, is levied on the capital gains, resulting in a total withholding tax charge of 26.375 per cent. If the Bonds have been kept or administered by that Domestic Paying Agent from the time of their acquisition, the capital gains are generally determined as the difference between the proceeds from the sale or redemption of the Bonds and the acquisition costs. If the Bonds are sold or redeemed after being transferred to another Domestic Paying Agent, the 25 per cent. withholding tax (plus solidarity surcharge thereon) will be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the new Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

No withholding is generally required on capital gains derived by German resident corporate Bondholders and upon application by individual Bondholders holding the Bonds as business assets.

Non-German resident Bondholders

Income derived from the Bonds by holders who are not tax resident in Germany is in general exempt from German income taxation, and no withholding tax shall be withheld, provided however (i) the Bonds are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor and (ii) the income derived from the Bonds does not otherwise constitute German source income, for example, such as presenting the Bonds for payment or credit at the offices of a German credit or financial services institution including a German branch of a foreign credit or financial services institution (over-the-counter transaction).

If the income derived from the Bonds is subject to German taxation according to (i) or (ii) above, the income is subject to withholding tax similar to that described above under the paragraphs *Withholding tax*. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

Inheritance tax / gift tax

The transfer of Bonds to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate

(*Vermögensmasse*), had its seat or place of management in Germany at the time of the transfer of property,

- (ii) except as provided under (i), the testator's or donor's Bonds belong to a business asset attributable to a permanent establishment or a permanent representative in Germany,

Special regulations apply to certain German expatriates.

Investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

Other taxes

The purchase, sale or other disposal of Bonds does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Bonds which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

EU Savings Tax Directive

Under European Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. (unless during that transitional period they elect to provide information in accordance with the EU Savings Directive). The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the EU Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

In Germany and Luxembourg, the Savings Directive has been implemented as from 1 July 2005.

Taxation in the Grand Duchy of Luxembourg

Residence

Bondholders will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding, execution, performance, delivery and/or enforcement of the Bonds.

Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Bonds can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg laws of 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income and several agreements concluded with certain dependent or associated territories of the European Union ("EU") and providing for the possible application of a withholding tax (20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. as from 1 July 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called "Residual entities") in the event of the Issuer appointing a paying agent in Luxembourg within the meaning of the above-mentioned directive (see section "EU Savings Directive" above) or agreements. "Residual entities" within the meaning of Article 4.2 of the EU Savings Directive are entities established in a Member State or in certain EU dependent or associated territories which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the EU Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, which are not UCITS recognised in accordance with the European Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and which have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC);
- (ii) the application as regards Luxembourg resident individuals or certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC or for the exchange of information regime) of the Luxembourg law of 23 December 2005, as amended by the law of 17 July 2008, which has introduced a 10 per cent. withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg laws of 21 June 2005 implementing the EU Savings Directive). This law is applicable to savings income accrued as from 1 July 2005 and paid as from 1 January 2006.

Pursuant to the law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals can opt to self declare and pay a 10 per cent. tax on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive.

The 10 per cent. withholding tax as described above or the 10 per cent. tax represent the final tax liability for Luxembourg resident individuals acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

Taxes on Income and Capital Gains

Bondholders who derive income from such Bonds or who realize a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on such income or capital gains,

subject to the application of the laws of 21 June 2005 and 23 December 2005 referred to above, and unless:

- (a) such Bondholders are, or are deemed to be, resident in Luxembourg for Luxembourg tax purposes (or for the purposes of the relevant provisions), or
- (b) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

Net Wealth Tax

Luxembourg net wealth tax will not be levied on a corporate holder of Bonds unless:

- (a) such Bondholder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions and is not a Bondholder governed by (i) the law of 31 July 1929 on holding companies; (ii) the laws of 20 December 2002 and 13 February 2007 on undertakings for collective investment; (iii) the law of 22 March 2004 on securitisation; (iv) the law of 15 June 2004 on the investment company in risk capital; or (v) the law of 11 May 2007 on family estate management companies; or
- (b) such Bond is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

As regards individuals, the Luxembourg law of 23 December 2005 has abrogated the net wealth tax starting with the year 2006.

Inheritance and Gift Tax

Where the Bonds are transferred for no consideration:

- (a) no Luxembourg inheritance tax is levied on the transfer of the Bonds upon death of a holder of Bonds in cases where the deceased holder was not a resident of Luxembourg for inheritance tax purposes; or
- (b) Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary or is registered in Luxembourg.

Value Added Tax

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Bonds or in respect of the payment of interest or principal under the Bonds or the transfer of the Bonds. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from value added tax does not apply with respect to such services.

Other Taxes and Duties

It is not compulsory that the Bonds be filed, recorded or enrolled with any court or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Bonds in accordance therewith. However in case of court proceedings in a Luxembourg court (including but not limited to a Luxembourg insolvency proceeding), registration of the Bonds and/or the finance documents may be ordered by the court, in which case the Bonds and/or the finance documents will be respectively subject to a fixed duty of € 12 or an ad valorem duty. Registration would in principle

further be ordered, and the same registration duties could be due, when the Bonds are produced, either directly or by way of reference, before an official authority (*autorité constituée*) in Luxembourg.

SUBSCRIPTION AND SALE OF THE BONDS

General

Pursuant to a subscription agreement dated 10 September 2010 (the "**Subscription Agreement**") among the Issuer, the Guarantor and BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank and J.P. Morgan Securities Ltd. (together, the "**Joint Lead Managers**"), the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase, the Bonds on 14 September 2010. The Issuer has furthermore agreed to pay certain fees to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Bonds.

The Subscription Agreement provides that the Joint Lead Managers under certain circumstances will be entitled to terminate the Subscription Agreement. In such event, no Bonds will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

The Joint Lead Managers or their respective affiliates, including parent companies, engage, and may in the future engage, in investment banking, commercial banking (including the provision of loan facilities) and other related transactions with the Issuer and the Guarantor and their affiliates and may perform services for them, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions, in each case in the ordinary course of business.

There are no interests of natural and legal persons involved in the issue, including conflicting ones, that are material to the issue.

Selling Restrictions

General

Each Joint Lead Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer or the Guarantor in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Joint Lead Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Bonds or has in its possession or distributes any offering material relating to them.

United States of America and its Territories

The Bonds and the Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom of Great Britain and Northern Ireland

Each Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

1. **Authorisations:** The creation and issue of the Bonds has been authorised by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer on 10 June 2010. The giving of the Guarantee has been authorised by a resolution of the Executive Board on 30 August 2010, of the Supervisory Board on 3 May 2010 and of the Finance and Audit Committee (*Finanz- und Prüfungsausschuss*) of the Supervisory Board on 1 September 2010.
2. **Use of Proceeds/Expenses of the Issue:** The net proceeds of the issuance of the Bonds, amounting to approximately € 499,000,000, will be used for general corporate purposes of Hannover Re Group. The total expenses related to the admission to trading of the Bonds are expected to amount to € 2,400,000.
3. **Litigation:** Save as disclosed in this Prospectus there are no governmental, legal or arbitration proceedings against or affecting the Issuer, the Guarantor or any of the Guarantor's subsidiaries or assets for a period covering at least the last 12 months which may have or have had during such period a material adverse effect on the financial position or profitability of the Issuer, the Guarantor and/or the Hannover Re Group, and, as far as the Issuer and the Guarantor are aware, no such governmental, legal or arbitration proceedings are pending or threatened.
4. **Clearing Systems:** Payments and transfers of the Bonds will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy L-1855 Luxembourg.

The Bonds have the following securities codes:

ISIN: XS0541620901

Common Code: 054162090

German Securities Code (*WKN*): A1A01F

5. **Luxembourg Listing and Admission to Trading:** Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
6. **Notices to Bondholders:** For so long as the Bonds are listed on the Luxembourg Stock Exchange, all notices to the Bondholders regarding the Bonds shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Issuer will be entitled to deliver all notices concerning the Bonds to the Clearing System for communication by the Clearing System to the Holders.
7. **Documents incorporated by reference:** The pages specified below of the following documents which have previously been published or are published simultaneously with this Prospectus and which have been filed with the CSSF are incorporated by reference into this Prospectus: (i) the audited Annual Report of the Hannover Re Group for the fiscal year ended 31 December 2009 (the "**2009 Fiscal Year**"), (ii) the audited Annual Report of the Hannover Re Group for the fiscal year ended 31 December 2008 (the "**2008 Fiscal Year**"), each containing the English language translation of the respective German language consolidated financial statements of the Guarantor and of the German language auditor's report (*Bestätigungsvermerk*) in respect thereof, (iii) the unaudited Interim Report of the Hannover Re Group for the six month-period ended 30 June 2010 ("**Q2/2010**"), (iv) the Annual Report of the Issuer for the 2009 Fiscal Year and (v) the Annual Report of the Issuer for the 2008 Fiscal Year.

- (1) Extracted from: Hannover Re Group – Audited Annual Report 2009
 - Consolidated balance sheet as at 31 December 2009 pages 94-95
 - Consolidated statement of income for the 2009 Fiscal Year page 96
 - Consolidated cash flow statement for the 2009 Fiscal Year pages 99-101
 - Notes to the consolidated financial statements pages 106-186
 - Auditor's report⁵ page 187
- (2) Extracted from: Hannover Re Group – Audited Annual Report 2008
 - Consolidated balance sheet as at 31 December 2008 pages 76-77
 - Consolidated statement of income for the 2008 Fiscal Year page 78
 - Consolidated cash flow statement for the 2008 Fiscal Year pages 80-81
 - Notes to the consolidated financial statements pages 90-178
 - Auditor's report⁵ page 179
- (3) Extracted from: Hannover Re Group – Unaudited Interim Report 2/2010
 - Consolidated balance sheet as at 30 June 2010 (unaudited) pages 14-15
 - Consolidated statement of income for Q2/2010 (unaudited) page 16
 - Consolidated cash flow statement for Q2/2010 (unaudited) pages 19-21
 - Notes to the consolidated interim financial statements pages 26-44
 - Review report by the independent auditors page 46
- (4) Extracted from: Hannover Finance (Luxembourg) S.A. – English translation of the Audited Annual Report 2009
 - Balance sheet as at 31 December 2009 page 4
 - Statement of income for the 2009 Fiscal Year page 5
 - Notes to the financial statements pages 6-9
 - Auditor's report⁶ pages 2-3
- (5) Extracted from: Hannover Finance (Luxembourg) S.A. – English translation of the Audited Annual Report 2008
 - Balance sheet as at 31 December 2008 page 4
 - Statement of income for the 2008 Fiscal Year page 5
 - Notes to the financial statements pages 6-9
 - Auditor's report⁶ pages 2-3

Any information not listed under (1) to (5) but included in the documents incorporated by reference is given for information purposes only.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Guarantor and the website of the Luxembourg Stock Exchange (www.bourse.lu).

⁵ The auditor's report refers to the German language consolidated financial statements and group management report as a whole and not solely to the extracts incorporated by reference into this Prospectus.

⁶ The report of the Réviseur d'Entreprises solely refers to the German language version of the financial statements while the English translation is provided for convenience only.

8. **Documents on Display:** For so long as any Bond is outstanding, copies of the following documents may be inspected in physical form during normal business hours at the registered office of the Guarantor:
- (a) the Guarantee;
 - (b) the articles of association of the Issuer;
 - (c) the articles of association (*Satzung*) of the Guarantor;
 - (d) this Prospectus; and
 - (e) the documents specified in the section "Documents incorporated by Reference" above.
- The Prospectus will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).
9. **Yield:** For the subscribers, the yield of the Bonds until the First Call Date is 5.75 per cent. per annum, calculated on the basis of the Issue Price. Such yield is calculated in accordance with the ICMA (*International Capital Markets Association*) Method.
10. **Expected rating of the Bonds:** The expected rating of the Bonds is "A" from Standard & Poor's⁷ and "a" from A.M. Best⁸.
11. **Rating of the Guarantor:** Standard & Poor's has assigned a rating of "AA-" ("Very strong", stable outlook) to the senior unsecured debt of the Guarantor⁹, while the rating assigned by A.M. Best is "A" ("Excellent", stable outlook)¹⁰.

⁷ Standard & Poor's defines "A" as follows:

"An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong."

⁸ A.M. Best defines "a" as follows: "Strong. Assigned to issues where, in [A.M. Best's] opinion, the issuer has a strong ability to meet the terms of the obligation."

⁹ Standard & Poor's defines "AA-" as follows:

"An obligation rated "AA" differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

Bondholders should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

¹⁰ A.M. Best defines "A" as follows: "Excellent. Assigned to companies that have, in [A.M. Best's] opinion, an excellent ability to meet their ongoing insurance obligations." Rating outlooks are assigned by A.M. Best to an interactive financial strength rating to indicate its potential direction over an intermediate term generally defined as 12 to 36 months. A "stable" outlook "indicates low likelihood of a rating change due to stable financial/market trends".

Bondholders should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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