



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 with scheduled maturity in 2043

ISIN XS0856556807, Common Code 085655680, WKN A1HCPB

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: 99.778 per cent.

Hannover Finance (Luxembourg) S.A. (the "**Issuer**") will issue on or about 20 November 2012 (the "**Issue Date**") € 500,000,000 Subordinated Fixed to Floating Rate Callable Bonds with scheduled maturity in 2043 (the "**Bonds**") in the denomination of € 100,000 each.

The Bonds have the benefit of an irrevocable guarantee on a subordinated basis (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**").

The Bonds will bear interest from and including 20 November 2012 to but excluding 30 June 2023 at a rate of 5.00 per cent. per annum, scheduled to be paid annually in arrear on 30 June in each year, commencing on 30 June 2013. Thereafter, unless previously redeemed, the Bonds will bear interest at a rate of 4.30 per cent. per annum above the three months EURIBOR being the Euro-zone inter-bank offered rate for three-month Euro deposits, scheduled to be paid quarterly in arrear on 31 March, 30 June, 30 September and 31 December in each year, commencing on 30 September 2023.

Under certain circumstances described in § 4(3) of the Terms and Conditions of the Bonds (the "**Terms and Conditions**"), interest payments on the Bonds may be deferred at the option of the Issuer or will be required to be deferred.

The Bonds are scheduled to be redeemed at the Redemption Amount on the Floating Interest Rate Payment Date falling on or nearest to 30 June 2043, provided that on such date the Conditions to Redemption (as defined in the Terms and Conditions) are fulfilled. If this is not the case, 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 § 5(3) and § 5(4) of the Terms and Conditions, the Bonds may be subject to early redemption.

The Bonds will initially be represented by a Temporary Global Bond which will be delivered on or prior to the Issue Date to a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The Temporary Global Bond will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a Permanent Global Bond 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 (as amended, *inter alia*, by Directive 2010/73/EU) (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**"). By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial opportuneness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7 (7) of 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 been made to the Luxembourg Stock Exchange for the Bonds to be listed on 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 "Bourse de Luxembourg", appearing on the list of regulated markets issued by the European Commission. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

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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 relevant 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 relevant 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 of the Bonds*").

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 and the Guarantee have not been and will not be registered under the United States Securities Act of 1933 (the "**Securities Act**"), as amended, and are subject to United States tax law requirements. Subject to certain exceptions, the Bonds and the Guarantee 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 this Prospectus all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

IN CONNECTION WITH THE ISSUE OF THE BONDS, COMMERZBANK AKTIENGESELLSCHAFT (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.

TABLE OF CONTENTS

RISK FACTORS	5
TERMS AND CONDITIONS OF THE BONDS.....	25
SUBORDINATED GUARANTEE.....	64
GENERAL INFORMATION ON THE GUARANTOR AND THE HANNOVER RE GROUP	70
GENERAL INFORMATION ON THE ISSUER	83
TAXATION	85
SUBSCRIPTION AND SALE OF THE BONDS.....	91
GENERAL INFORMATION	93

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. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood or the extent of any such contingency occurring.

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 and the Guarantee, 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 (Q3/2012) financial strength rating for the Guarantor from Standard & Poor's Credit Market Services Europe Ltd., branch office Germany ("**S&P**") is "AA-" ("Very strong", stable outlook), while that of A.M. Best Europe - Rating Services Limited ("**A.M. Best**") is "A+" ("Superior", stable outlook).¹ 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.

Risks from IT-systems

The Hannover Re Group's ability to keep its business operating depends on the proper and efficient operation of its computer and data-processing and telecommunications systems. Since computer and data-processing systems are susceptible to malfunctions and interruptions (e.g., interruptions of power supply, computer viruses and a range of other hardware, software and network problems), it cannot be excluded that such malfunctions or interruptions will occur in the future. A significant or large-scale malfunction or interruption of one or more of the Hannover Re Group's computer or data-processing systems could adversely affect its ability to keep its operations running efficiently. If a malfunction results in a wider or sustained disruption to the Hannover Re Group's business, this could have detrimental effect on the assets, financial position and net income of the Hannover Re Group.

¹ The office issuing and elaborating the rating was a registered branch of Standard & Poor's Credit Market Services Europe Limited and AM Best Europe-Rating Services Ltd. each of which is, to the Issuer's and the Guarantor's belief, registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (see "List of registered and certified credit rating agencies" which can be accessed under www.esma.europa.eu).

Asset management performance

The premiums and the capital position of Hannover Re Group is invested to a large extent in different types of assets. Thereby, the Hannover Re Group pursues a defined investment policy, which focuses on required liquidity of assets, adequate issuer diversification as well as on asset liability management measures in terms of duration, currencies and risk budgeting. It may, however, not be excluded that performance fluctuations or inadequate decision making related to the selection of assets and the respective trading activities or other misconducts occur (including wilful breaches of mandatory law and/or investment guidelines of the Hannover Re Group). This could result in losses to the investment portfolio and in a divergence to the value of the liabilities from the (re)insurance business detrimentally affecting the Hannover Re Group's assets, financial position and net income.

Information by ceding companies

Hannover Re Group systematically covers risk underwritten by primary insurers and reinsurers. In deciding on whether such reinsurance or retrocession agreements are entered into and which technical provisions are to be provided Hannover Re Group relies on the provision of correct and sufficient risk information by the respective ceding company. Should the Hannover Re Group, on the basis of incorrect or incomplete information, wrongfully assess the covered risks, this may result in additional expenses. Even if the Hannover Re Group would have recourse claims against the ceding company it cannot be assured that these claims are fully valuable and enforceable. This could detrimentally affect the Hannover Re Group's assets, financial position and net income.

Risk management system

The Hannover Re Group maintains complex risk management systems. These systems define the Group's risk strategy, the allocation of tasks and responsibilities within the risk management process and the continuing identification, documentation, assessment, reporting and the measures to control and avoid risks. Despite the implementation of group wide risk management guidelines, the occurrence of errors or interruptions of these systems may not be excluded. It cannot be assured that data and assumptions used in the risk modules correctly indicate in every respect the future market development and the risks arising thereof for the Hannover Re Group's business and investment portfolio.

Since 2008 the Hannover Re Group is in an ongoing review process with the German Financial Supervisory Authority (*Bundesanstalt für Finanzaufsicht*, "**BaFin**") for the approval of its internal capital model in the light of Solvency II requirements.

If the Hannover Re Group's risk control and risk management systems do not sufficiently reflect material risks or should the handling of risks not be sufficient this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

Recruiting and retaining of qualified staff

The Hannover Re Group is to a significant extent dependent on qualified executives and personal. The Hannover Re Group's success has depended and will continue to depend on recruiting and retaining qualified employees. In the event that the Hannover Re Group experiences high rates of employee turnover, it is also possible that the Hannover Re Group may not be able to recruit new employees from the labor market immediately and that this may result in additional costs. The loss of qualified employees or ongoing difficulties in the hiring of suitable employees could lead to a situation in which the Hannover Re Group cannot successfully implement key decisions, measures and developments, which would adversely affect the business operations of the Hannover Re Group.

Payment obligations resulting from past divestments

In the last years the Hannover Re Group (via its holding company Hannover Finance Inc.) has entered into agreements relating to the divestment of parts of its business operations. Such divestments included, for example, the sale of the shares in Clarendon National Insurance Company Inc. (and its wholly owned subsidiaries) and Praetorian Financial Group Inc. (and its wholly owned subsidiaries) to Enstar Group Limited and QBE Holdings, Inc. respectively. Under the relevant sale and purchase agreements the Hannover Re Group has made representations and warranties for the benefit of the purchaser. In case of a breach of these representations and warranties payment obligations could arise, which could have an adverse affect on 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.

Terrorist attacks and other geopolitical risk

In the aftermath of the attacks on the World Trade Center on 11 September 2001, the Hannover Re Group, as many other reinsurance companies, tried to exclude terror risks from their insurance terms, or considerably increased the premiums for the insurance of these risks. However, the potential of terror risks materialising could not be completely eliminated by these measures. While, on the one hand, an exclusion of liability was not possible with respect to all insurance contracts, consequential damage caused by terror attacks such as fire may, on the other hand, still give rise to claims brought against companies of the Hannover Re Group by policyholders. Another risk is that potential future terror attacks might not be clearly identifiable as such or that there is at least no proof of a terror attack having occurred. If, in these cases, the limits or exclusions provided for in the insurance contracts cannot be enforced, this would result in increased claim expenditure. The Hannover Re Group cannot definitely assess the consequences that future terror attacks may have on its business activities. Increased geopolitical risks, including, but not limited to, risks resulting from the terrorist attack on 11 September 2001 and potential future terrorist attacks, may have an adverse effect on the Hannover Re Group's assets, financial position and net income.

Impacts from 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 majority of Hannover Re Group's holdings are invested in fixed-income securities; the bulk of which are denominated in Euros and US dollars. 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 could 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 income of the Hannover Re Group.

Risks may also arise from a protracted period of low interest level in the international financial markets which might affect the asset management performance. Should the current low level of interest rates be sustained or decline even further, this may adversely affect the assets, financial position and net income of the Hannover Re Group.

Inflation risks

In connection with the ongoing sovereign debt crisis in Europe and the United States of America and the corresponding monetary policies of the central banks, there are significant uncertainties on the future development of inflation rates. An increase in the inflation rate can lead to losses in the investment portfolio and a decrease in the net income, because the market value of fixed interests investments normally decreases as the higher inflation rate causes an increase in the market interest rate. Additionally, higher inflation rates could result in unexpectedly increased losses or respectively loss payments – especially in long term reinsurance contracts.

If any of the risks mentioned above materialises this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

Turbulent stock market environment

In the aftermath of the historic price falls on international stock markets in 2008, many investors became more risk-averse.

As a consequence, the Hannover Re Group has scaled back its exposure to a marginal holding (<1 per cent.) of equity securities in 2008 and maintains such marginal holding to date. As of September 30, 2012 the total exposure of equity securities amounts to EUR 46.8 million or 0.15 per cent. of total investments under own management. However, the holding of equity securities 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 much as possible 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 refer to 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 are monitored primarily by way of appropriate process management. These risk potentials are evaluated on the basis of expert assessments, the plausibility of which is verified by central risk management. 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 in the field of nanotechnology, climate change, disruption of critical infrastructure or pandemics) is that the content of such risks cannot as yet be reliably assessed – especially with respect to Hannover Re Group's treaty portfolio. Such risks evolve gradually from weak signals to unmistakable tendencies.

The Hannover Re Group aims to detect, assess, steer and monitor these risks through a process involving experts from the relevant fields of knowledge. The realisation of one or several 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 International Financial Reporting Standards (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. Currently, Hannover Re Group expects a final IFRS for insurance contracts to be published by the International Accounting Standards Board in 2013 at the earliest. It is expected that this new standard will have to be first-time adopted by 2016 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

In most of the jurisdictions, in which the companies of the Hannover Re Group operate, the conduct of insurance and reinsurance business requires approvals and licences granted by courts, public and other authorities following an audit and licensing process. In this context, the 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 and it 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.

Economic, political and other risks

Hannover Re Group has been and may continue to be affected by the economic development of the global economy in general and global capital markets in particular. In Europe there is an uncertainty concerning the economic trend since the development of the global economy will depend heavily on how the debt crisis in the Eurozone is handled.

The further developments in the Eurozone may have a negative affect on the assets, financial position and net income of the Hannover Re Group.

As an internationally operating reinsurance group, the Hannover Re Group is active in many countries. The Hannover Re Group is subject to the political and legal framework in each of these countries and relies to a certain extent on the cooperation and reliability of public authorities (e.g. insurance supervisory authorities) and local business partner (e.g. distributors). Moreover, in several markets there is a risk of political and economical instability. There is also a general risk of detrimental changes to the regulatory and legal framework in these jurisdictions. If any of the risks

mentioned above materialises this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

Illiquidity of the investment portfolio

The Hannover Re Group is exposed to liquidity risks, i.e., the risk of being unable to convert investments and other assets into cash in a timely manner in order to meet its financial obligations when they become due. It may not be possible to sell holdings or to close open positions (or to do so only with price markdowns) due to the illiquidity of the capital markets, in which case this could detrimentally affect the Hannover Re Group's assets, financial position and net income.

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 subject to detailed and extensive laws and regulations. The supervisory authorities of the countries in which the Hannover Re Group operates have far-reaching powers and possibilities of intervention. Compliance with the laws and regulations may give rise to costs or otherwise adversely affect the business of the Hannover Re Group.

National and international efforts continue to avoid a repeat of the financial crisis by monitoring financial markets and their institutions more effectively. Regulation and oversight over insurance companies as well as capital requirements may become stricter. On the global level the discussion about systemically important financial institutions and insurance companies might have major consequences. Companies, which are considered to have a systemic impact in case of their failure, would have to bear the burden of additional (quantitative and qualitative) supervisory requirements, in particular regarding capital requirements. Furthermore, there are discussions on certain changes in laws that may have negative effects for the Hannover Re Group, e.g. the introduction of a financial transaction tax in the European Union.

Tightened up supervisory rules as well as the work of new institutions may detrimentally affect Hannover Re Group's assets, financial position and net income.

In addition, there remain legal uncertainties and risks for the Hannover Re Group, in particular regarding the implementation of the Solvency II Directive. The directive requires the specification through measures of the European Commission and implementing measures of the individual member states. Due to delays in the enactment of the amendment directive (so-called Omnibus II Directive) it is currently unclear when these measures will be taken. The exact content of the specification and implementing measures is not entirely clear at the date of this Prospectus. However, it is expected that solvency capital requirements for insurance and reinsurance undertakings will overall increase as opposed to the current Solvency I regime and that capital ratios will become more volatile. The internal model that has been developed and implemented by the Hannover Re Group to assess its solvency capital requirements under the future Solvency II regime may not be approved by the supervisory authorities which may lead not only to operational

costs for modifying the internal model, but also to negative effects on the Hannover Re Group's capital adequacy.

As the crucial technical discussions are still ongoing, its potential future impact can currently not be entirely assessed. Nevertheless, there is the possibility that discussions might lead to a strict set of rules which may detrimentally affect Hannover Re Group's assets, financial position and net income.

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

The Issuer could be potentially exposed to currency risks deriving from foreign exchange positions and/or 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. This does not, however, make definitive hedging possible at every time, and an exchange rate risk could consequently remain. Unfavourable exchange rates may detrimentally 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 the Issuer 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, the Issuer 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 the Issuer. 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 the Issuer money, securities or other assets may not pay or perform under their obligations. These parties include the issuers whose securities the Issuer holds, borrowers under loans made, trading counterparties, clearing agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Issuer due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Liquidity risks

The Issuer 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.

The Bonds are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider portfolio strategy rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to their overall portfolios, and only after performing an intensive analysis of all involved risks. A potential investor should not invest in the Bonds – which are complex financial instruments – unless it has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Long-term securities

The Bonds will be redeemed at the Redemption Amount (being par plus any accrued and unpaid interest and any outstanding Arrears of Interest) on the Floating Interest Rate Payment Date falling on or nearest to 30 June 2043 (the "**Scheduled Maturity Date**"), provided that, after the Solvency II Directive has become part of the Applicable Supervisory Regulations, the Conditions to Redemption are fulfilled on such date. If this is not the 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

Upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, the maturity date will be postponed if the Conditions to Redemption are not fulfilled on the Scheduled Maturity Date and the Bonds will only be redeemed on the first Floating Interest Payment Date following the Scheduled Maturity Date on which the Conditions to Redemption are fulfilled, 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 compulsory or optional deferral – 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 and subject to the Conditions to Redemption being fulfilled, the Bonds may be redeemed at any time prior to the First Call Date at the Redemption Amount (being par plus any accrued and unpaid interest and any outstanding Arrears of Interest), if, in each case as a result of any change of or amendment to the laws (or any rules or regulations hereunder) applicable in Luxembourg or in Germany, an opinion of a recognised independent tax adviser has been delivered to the Principal Paying Agent stating that (i) the Issuer or the Guarantor has or will become 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 or German income tax, or an opinion of a recognised accounting firm has been delivered to the Principal Paying Agent stating that the Bonds may no longer be recorded as liabilities on the consolidated balance sheet of the Guarantor.

The Bonds may also be redeemed at the Redemption Amount if the Bonds do no longer fulfil the requirements for the inclusion in the determination of the own funds for single solvency purposes of the Guarantor or for the Hannover Re Group or of the group of companies the Guarantor is a member of under Applicable Supervisory Regulations pursuant to a written statement of the Competent Supervisory Authority to the Guarantor. The Bonds may further be redeemed at the Redemption Amount if S&P or A.M. Best changes its equity criteria for securities such as the Bonds which results, in the reasonable opinion of the Guarantor, in a lower equity credit being given to the Bonds. The Bonds may also be redeemed at the option of the Issuer at their Redemption Amount on the First Call Date or on any Floating Interest Payment Date thereafter.

If Bonds are redeemed early, 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. Bondholders will receive the Redemption Amount upon any early redemption. The Redemption Amount may be lower than the prevailing market price of the Bonds.

Subordination

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 the subordination clause 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 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).

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 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.

The Bondholders must accept that, in the circumstances described above, (i) the Guarantor will make payments in respect of the Bonds pursuant to the Guarantee only in accordance with the subordination described above, and (ii) the rights of the Bondholders under the Guarantee will be subject to the provisions of the insolvency laws applicable to the Guarantor from time to time.

In relation to any other existing and future subordinated obligations of the Guarantor that are expressed to rank behind all of the Guarantor's unsubordinated obligations but are not expressed to rank behind all of the Issuer's (x) legally subordinated obligations pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*), and (y) subordinated obligations ranking at least *pari passu* with the Guarantor's legally subordinated obligations pursuant to § 39(1) of the German Insolvency

Code (*Insolvenzordnung*) (and where the contractual provisions do not provide for any other ranking), there are good arguments that the default provision of § 39(2) of the German Insolvency Code (*Insolvenzordnung*) would apply, pursuant to which all contractually subordinated claims against the relevant insolvent debtor rank behind the claims referred to in § 39(1) of the German Insolvency Code (*Insolvenzordnung*) unless the contractual provisions provide otherwise. However, if a competent court were to find § 39(2) of the German Insolvency Code (*Insolvenzordnung*) inapplicable in relation to one or several of such existing and future subordinated obligations of the Guarantor (e.g., because it finds that the parties to the relevant agreement have agreed that they rank *pari passu* with, or senior to, the legally subordinated obligations pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*)), this may result in such obligations to rank prior to the obligations of the Guarantor under the Guarantee and, hence, the relevant creditors may receive a portion of the insolvency dividend which exceeds the one received by the Bondholder (if any insolvency dividend is paid to subordinated creditors at all).

There is a significant risk that an investor in the Bonds will lose all or some of its investment should the Issuer or the Guarantor become insolvent.

Interest deferral

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 deferral of interest

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

A "**Compulsory Deferral Event**" will have occurred with respect to the date on which any payment of interest and/or Arrears of Interest is scheduled to be paid under these Terms and Conditions and with respect to a payment of interest and/or Arrears of Interest if (i) a corresponding payment would result in, or accelerate, the occurrence of an Insolvency Event, or (ii) there is in effect on such date an order of the Competent Supervisory Authority prohibiting the Issuer or the Guarantor in accordance with regulations applicable at such time from making payments under the Bonds, or (iii) a Solvency Capital Event either has occurred on or prior to such date and is continuing on such date or would be caused by the payment by the Guarantor of interest and/or Arrears of Interest on the relevant date, unless on or prior to such day the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the payment of the relevant interest and Arrears of Interest, respectively (if under the Applicable Supervisory Regulations such consent is required at the time in order for the Bonds to qualify as Tier 2 Capital of the Guarantor or of the Hannover Re Group or of the group of companies the Guarantor is a member of, and to the extent it may give such prior consent in accordance with the Applicable Supervisory Regulations).

Any such failure to pay will not constitute a default of the Issuer or any other breach of its 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 compulsory suspension of payments. In particular, the resulting Arrears of Interest will not bear interest.

Optional deferral of interest payments

Even if no Compulsory Deferral Event has occurred, the Issuer may, with respect to each Optional Interest Payment Date, elect in its discretion to suspend the payment of accrued 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.

Any such failure to pay will not constitute a default of the Issuer or any other breach of its 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 optional suspension of payments. 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 if (i) no Compulsory Deferral Event has previously occurred and is continuing, and (ii) the Competent Supervisory Authority has given its prior approval to the payment of the Arrears of Interest (if required at the time under the Applicable Supervisory Regulations). These restrictions also apply in the case of a mandatory settlement of Arrears of Interest, as further described in the Terms and Conditions.

The payment of Arrears of Interest may become subject to regulatory approval (see the risk "Changes in Applicable Supervisory Regulations upon implementation of the Solvency II Directive" below).

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.

Payments under the Guarantee are subject to certain conditions

Upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, any payment under the Guarantee will only be due and payable (*fällig*) if (i) a corresponding payment under the Guarantee would not result in, or accelerate, the occurrence of an Insolvency Event; (ii) on or prior to the date of the payment by the Guarantor under the Guarantee no Solvency Capital Event has occurred and is continuing or would be caused by the payment under the Guarantee, (provided that, if a Solvency Capital Event has occurred and is continuing or would be caused by the payment, the payment under the Guarantee will nevertheless be due and payable (*fällig*) if the Competent Supervisory Authority has given, and not withdrawn by such date, its prior consent to the payment under the Guarantee (to the extent it may give such prior consent in accordance with the Applicable Supervisory Regulations)); (iii) there is not in effect any order of the Competent Supervisory Authority prohibiting the Guarantor in accordance with the Applicable Supervisory Regulations from making payments under the Guarantee; and (iv) the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the payment under the Guarantee (if under the Applicable Supervisory Regulations such consent is required at the time in order for the Bonds to qualify as Tier 2 Capital of the Guarantor or of the Hannover Group or of the group of companies the Guarantor is a member of).

Accordingly, Bondholders must be aware that payments under the Guarantee may be restricted.

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 deferred 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 or would be caused by the respective payment.

In addition, the Issuer may call the Bonds for redemption prior to the First Call Date, *inter alia*, if, upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations the Bonds

would not be eligible to qualify for the inclusion in the determination of the Tier 2 Capital for single solvency purposes applicable to the Guarantor, for group solvency of the Hannover Re Group or the group of companies the Guarantor is a member of from time to time.

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 Capital as well as the corresponding transitional arrangements 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 or the group of companies the Guarantor is a member of as well as on the eligibility of the Bonds as Tier 2 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. Such final implementation may also impact the Issuer's ability to pay any Arrears of Interest.

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 and guarantees 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 deferred 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.

During that time, Bondholders are exposed to the risk that the price of such Bonds may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Bonds is fixed until (but excluding) the First Call Date, the market yield typically changes on a daily basis. As the market yield changes, the price of the Bonds changes in the opposite direction. If the market yield increases, the price of the Bonds falls. If the market yield falls, the price of the Bond increases. Bondholders should be aware that movements of the market yield can adversely affect the price of the Bonds and can lead to losses for the Bondholders.

Bondholders should also be aware that the market yield has two components, namely the risk free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk free investment of equal tenor as a compensation for the risks

inherent in the Bonds. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Bonds can change due to changes of the credit spread, the risk free rate, or both.

If the Bonds are not called on the First Call Date, the Bonds will bear interest at a floating rate from the First Call Date (including) until the Final Maturity Date (excluding).

The floating rate applicable to the Bonds from (and including) the First Call Date is based on two components, namely the 3-months EURIBOR and the Margin. The floating rate (i.e. the coupon) is payable quarterly, and will be adapted immediately prior to any Floating Interest Period to the then prevailing 3-months EURIBOR rate plus the Margin. The Margin is fixed at issuance of the transaction.

Bondholders should be aware that the floating rate interest income is subject to changes to the 3-months EURIBOR and therefore cannot be anticipated. Hence, Bondholders 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 in simple fixed rate (i.e. fixed rate coupons only) instruments.

Since the Margin is fixed at issuance of the transaction, Bondholders are subject to the risk that the Margin does not reflect the spread that investors require in addition to the 3-month EURIBOR as a compensation for the risks inherent in the Bonds ("market spread"). The market spread typically changes on a daily basis. As the market spread changes, the price of the Bond changes in the opposite direction. A decrease of the market spread has a positive impact on the price of the Bond, an increase of the market spread has a negative impact on the price of the Bond. However, the price of the Bonds is subject to changes in the market spread, changes in the 3-months EURIBOR or both. Bondholders should be aware that movements of the market spread can adversely affect the price of the Bonds and can lead to losses for the Bondholders.

In addition, Bondholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the Issuer. If the market yield (or market spread, respectively) declines, and if Bondholders want to invest such proceeds in comparable transactions, Bondholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spreads, respectively).

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 and the Guarantor. 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 the 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 or the Guarantee 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.

Market volatility and other factors

The trading market for debt securities may be volatile and may be adversely impacted by many events. The market for debt securities is influenced by economic and market conditions in Germany and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Bonds or that economic and market conditions will not have any other adverse effect.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Transaction costs

Transaction costs reduce the yield an investor will realise on the investment in the Bonds. When Bonds are purchased, several types of incidental costs (including transaction fees and commissions) are incurred and will have to be paid by the buyer in addition to the then current market price. Similarly, when a Bondholder sells any Bonds, such incidental costs will reduce the actual price the Bondholder will receive for each Bond sold. These incidental costs may significantly reduce or even exclude the profit potential of the Bonds. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic Managers or brokers in foreign markets, Bondholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Bonds (direct costs), Bondholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Bonds before investing in the Bonds.

Bondholders must further take into account that upon sales or purchases of Bonds prior to an interest payment date (depending on their type and features), respectively, no accrued interest might be paid or charged, as the case may be.

Margin lending

Margin lending, where it is permitted, can materially increase the risk to a Bondholder of non-performance of the Bonds. If a loan is used to finance the acquisition of the Bonds and the Bonds subsequently go into default, or if the trading price diminishes significantly, the Bondholder not only has to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. This may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, or to repay the loan on demand, even if they may suffer losses instead of realising gains.

Tax impact of the investment

An effective yield on the Bonds may be diminished by the tax impact on an investment in the Bonds. Payments of interest on the Bonds, or profits realised by the Bondholder upon the sale or repayment of the Bonds, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on Bondholders generally in Germany and Luxembourg is described under "*Taxation*", starting on page 85; however, the tax impact on an individual Bondholder may differ from the situation described for Bondholders generally.

All investors are advised to contact their own tax advisors for advice on the tax impact of an investment in the Bonds. Examples of taxation risk that investors should consider together with their advisors include among others the risk of double taxation (in Germany and their home jurisdiction).

EU Savings Tax Directive

Under measures implemented in order to comply with European Union Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period (the ending of which depends on the conclusion of certain other agreements relating to information exchange with certain other countries), Austria, Belgium and Luxembourg are instead required (unless during that period they elect otherwise as Belgium has done) to operate a withholding system in relation to such payments. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland). If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a Paying Agent, the Issuer will be required (save as provided in the Terms and Conditions) to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The application to payments under the Bonds of the recently enacted foreign account tax compliance withholding law in the United States is uncertain.

The Issuer and other non-U.S. financial institutions through which payments on the Bonds are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Bonds issued or materially modified on or after the date that is six months after the date on which the final regulations defining the term "foreign passthru payments" are filed and (ii) any Bonds which are treated as equity for U.S. federal tax purposes, whenever issued, pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**"). Under existing guidance, which has not been finalised, this withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer has a positive "passthru percentage", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI (including any non-U.S. financial institution through which payments on the Bonds are made that is itself a Participating FFI) to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Bonds is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Bonds is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Bonds as a result of FATCA, none of the Issuer, the Guarantor, any paying agent or any other person would, pursuant to the Terms and Conditions of the Bonds be required to pay additional amounts as a result of the deduction or withholding of such tax. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Bonds as a result of FATCA, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE GUARANTOR, THE BONDS AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH BONDHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH BONDHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

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

Definitionen

"Anleihegläubiger" bezeichnet die Eigentümer von Miteigentumsanteilen bzw. Rechten an der Globalurkunde.

"Anwendbare Aufsichtsrechtliche Vorschriften" bezeichnet die jeweils geltenden Vorschriften des Versicherungsaufsichtsrechts und darauf bezogene Regelungen und Verordnungen (einschließlich der Verwaltungspraxis der Zuständigen Aufsichtsbehörde oder einschlägiger Gerichtsentscheidungen) hinsichtlich der Solo-Solvabilität der Garantin, der Gruppen-Solvabilität des Hannover Rück-Konzerns (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), sowie sämtliche unmittelbar anwendbaren Vorschriften des Europäischen Gemeinschaftsrechts, die im Zuge der Umsetzung der Solvency II Richtlinie oder anderer, etwaiger künftiger Richtlinien erlassen werden.

"Anwendbare Insolvenzrechtliche Vorschriften" bezeichnet die jeweiligen Vorschriften des jeweiligen Insolvenzrechts und darauf bezogene Regelungen und Verordnungen (einschließlich der Gerichtspraxis oder einschlägiger Gerichtsentscheidungen), die jeweils in Bezug auf die Emittentin und Garantin anwendbar sind.

"Anwendbare Rechnungslegungsvorschriften" bezeichnet die International Financial Reporting Standards (IFRS) oder andere allgemein anerkannte Rechnungslegungsgrundsätze, wie sie zu den jeweiligen Stichtagen und für die jeweiligen Rechnungslegungsperioden von der Garantin jeweils anwendbar sind, oder andere, von der Garantin

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

Definitions

"Bondholders" means the owners of proportional co-ownership interests or rights in the Global Bond.

"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 single solvency purposes applicable to the Guarantor, for group solvency of the Hannover Re 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) from time to time as well as any directly applicable provisions of European Community law which will be enacted for the implementation of the Solvency II Directive or any other future directive(s).

"Applicable Insolvency Regulations" means the provisions of the relevant insolvency laws and any rules and regulations thereunder (including any applicable decision of a court) applicable to the Issuer and the Guarantor from time to time.

"Applicable Accounting Standards" means the International Financial Reporting Standards (IFRS) or any other generally accepted accounting standards as applicable by the Guarantor at the relevant dates and for the relevant periods, or other accounting principles generally accepted and as applied by the Guarantor which subsequently supersede them.

anzuwendende, allgemein anerkannte Rechnungslegungsgrundsätze, die diese in Zukunft ersetzen.

Ein "**Aufsichtsrechtliches Ereignis**" tritt ein, wenn

- (A) am oder nach dem Tag der Begebung der Schuldverschreibungen, und bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, 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 Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, 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 hatten; oder
- (B) es, nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften zulässig ist, für Eigenmittelzwecke der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, Tier 2 Kapital vorzuhalten, und die Zuständige Aufsichtsbehörde schriftlich gegenüber der Garantin feststellt,
 - (I) dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen ganz oder teilweise nicht die Anforderungen für die Einbeziehung in die Berechnung des Tier 2 Kapitals für Zwecke der Ermittlung der Solo-Solvabilität der Garantin oder der Gruppensolvabilität des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, erfüllen; oder
 - (II) dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldver-

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

- (A) on or after the date of issue of the Bonds, and prior to the Solvency II Directive becoming part of 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 Hannover Re Group or the group of companies the Guarantor is a member of, 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
- (B) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, it is permitted under the Applicable Supervisory Regulations to use Tier 2 Capital for regulatory capital purposes of the Guarantor or of the Hannover Re Group or of the group of companies the Guarantor is a member of, and the Competent Supervisory Authority states in writing to the Guarantor
 - (I) that under the Applicable Supervisory Regulations the Bonds (in whole or in part) would not be eligible to qualify for the inclusion in the determination of the Tier 2 Capital for single solvency purposes of the Guarantor or for group solvency purposes of the Hannover Re Group or the group of companies the Guarantor is a member of; or
 - (II) that under the Applicable Supervisory Regulations the Bonds (in whole or in

schreibungen ganz oder teilweise nicht länger die Anforderungen für eine solche Einbeziehung in die Berechnung des Tier 2 Kapitals für Zwecke der Ermittlung der Solo-Solvabilität der Garantin oder der Gruppensolvabilität des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, erfüllen, sofern sie, nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, zunächst die Anforderungen für eine solche Einbeziehung in die Berechnung des Tier 2 Kapitals der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, erfüllt hatten,

es sei denn, dies beruht in beiden Fällen (I) und (II) allein auf der Überschreitung der Anrechnungsobergrenzen für die Einbeziehung solcher Wertpapiere in das Tier 2 Kapital der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften.

"Berechnungsstelle" hat die in § 9(1) festgelegte Bedeutung.

"Bildschirmseite" hat die in § 4(2)(c) festgelegte Bedeutung.

"Clearingsystem" hat die in § 2(2) festgelegte Bedeutung.

"Dauer-Globalurkunde" hat die in § 2(2) festgelegte Bedeutung.

"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.

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

"Euro", "EUR" oder "€" bezeichnet die gesetzliche Währung der Bundesrepublik Deutschland.

"Endfälligkeitstag" ist

(i) bevor die Solvency II Richtlinie Teil der

part) no longer fulfil the requirements for such inclusion in the determination of the Tier 2 Capital for single solvency purposes of the Guarantor or for group solvency purposes of the Hannover Re Group or the group of companies the Guarantor is a member of, provided that upon the Solvency II Directive having become part of the Applicable Supervisory Regulations the Bonds did fulfil the requirements for the inclusion in the determination of the Tier 2 Capital of the Guarantor, the Hannover Re Group or the group of companies the Guarantor is a member of,

except where in each case (I) and (II) this is merely the result of exceeding any applicable limits on the inclusion of such securities in the Tier 2 Capital of the Guarantor or of the Hannover Re Group or of the group of companies the Guarantor is a member of pursuant to the Applicable Supervisory Regulations.

"Calculation Agent" has the meaning set out in § 9(1).

"Screen Page" has the meaning set out in § 4(2)(c).

"Clearing System" has the meaning set out in § 2(2).

"Permanent Global Bond" has the meaning set out in § 2(2).

"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.

"Issuer" means Hannover Finance (Luxembourg) S.A.

"Euro", "EUR" or "€" means the legal currency of the Federal Republic of Germany.

"Final Maturity Date" means

(i) prior to the Solvency II Directive becoming part

- Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, der Vorgesehene Endfälligkeitstag (wie nachstehend definiert); und
- (ii) nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist,
- (A) wenn an dem Vorgesehenen Endfälligkeitstag die Rückzahlungsbedingungen erfüllt sind, der Vorgesehene Endfälligkeitstag;
- (B) andernfalls der erste Variable Zinszahlungstag nach dem Vorgesehenen Endfälligkeitstag, an dem die Rückzahlungsbedingungen erfüllt sind.

"Erster Kündigungstermin" ist der 30. Juni 2023.

"Fakultativer Zinszahlungstag" bezeichnet jeden Zinszahlungstag, in Bezug auf den während der letzten sechs Monate vor dem betreffenden Zinszahlungstag kein Obligatorisches Zinszahlungseignis eingetreten ist, und in Bezug auf den kein Pflichtaussetzungseignis eingetreten ist oder fort dauert.

"Festgelegter Nennbetrag" hat die in § 2(1) festgelegte Bedeutung.

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

"Festzinszahlungstag" ist der 30. Juni eines jeden Jahres, erstmals am 30. Juni 2013 (kurze erste Zinsperiode).

"Freiwilliger Nachzahlungstermin" hat die in § 4(4)(a) festgelegte Bedeutung.

"Garantin" ist die Hannover Rückversicherung AG.

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

"Globalurkunde" hat die in § 2(2) festgelegte

of the Applicable Supervisory Regulations, the Scheduled Maturity Date (as defined below); and

- (ii) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations,
- (A) if on the Scheduled Maturity Date the Conditions to Redemption are fulfilled, the Scheduled Maturity Date;
- (B) otherwise the first Floating Interest Payment Date following the Scheduled Maturity Date on which the Conditions to Redemption are fulfilled.

"First Call Date" means 30 June 2023.

"Optional Interest Payment Date" means each Interest Payment Date in respect of which no Compulsory Interest Payment Event occurred during the six months before the relevant Interest Payment Date, and in respect of which no Compulsory Deferral Event has occurred or is continuing.

"Principal Amount" has the meaning set out in § 2(1).

"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.

"Fixed Interest Payment Date" means 30 June of each year commencing on 30 June 2013 (short first coupon).

"Optional Settlement Date" has the meaning set out in § 4(4)(a).

"Guarantor" means Hannover Rückversicherung AG.

"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.

"Global Bond" has the meaning set out in § 2(2).

Bedeutung.

Ein "**Gross-up-Ereignis**" liegt vor, wenn der Hauptzahlstelle ein Gutachten eines anerkannten, unabhängigen Steuerberaters vorgelegt wird, aus dem hervorgeht, dass die Emittentin oder die Garantin am oder nach dem Tag der Begebung der Schuldverschreibungen aufgrund einer am oder nach dem Tag der Begebung der Schuldverschreibungen eintretenden Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) des Großherzogtums Luxemburg oder der Bundesrepublik Deutschland bzw. des Staats, in dem die Emittentin oder die Garantin steuerlich ansässig sind, oder einer ihrer/seiner Gebietskörperschaften oder Behörden oder als Folge einer am oder nach dem Tag der Begebung der Schuldverschreibungen eintretenden Änderung der offiziellen Auslegung oder Anwendung dieser Gesetze, Bestimmungen oder Vorschriften verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 7 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.

"**Hannover Rück-Konzern**" bezeichnet die Garantin und ihre unmittelbaren und mittelbaren Tochterunternehmen, die nach den Anwendbaren Aufsichtsrechtlichen Vorschriften jeweils in der Versicherungsgruppe der Garantin konsolidiert werden.

"**Hauptzahlstelle**" hat die in § 9(1) festgelegte Bedeutung.

Ein "**Insolvenzeroignis**" ist in Bezug auf (i) eine Zahlung von Zinsen, Zinsrückständen oder Kapital auf die Schuldverschreibungen oder (ii) einen Rückkauf der Schuldverschreibungen eingetreten, wenn die Emittentin oder die Garantin durch die Zahlung bzw. den Rückkauf nach Maßgabe der Anwendbaren Insolvenzrechtlichen Vorschriften insolvent würde.

"**Marge**" ist gleich 4,30 %.

"**Obligatorischer Zinszahlungstag**" bezeichnet jeden Zinszahlungstag (wie nachstehend definiert), vor dem während der letzten sechs Monate ein Obligatorisches Zinszahlungsereignis eingetreten ist, und in Bezug auf den kein Pflichtaussetzungsereignis eingetreten ist oder fort dauert.

"**Obligatorisches Zinszahlungsereignis**" bezeichnet

A "**Gross-up Event**" will occur if an opinion of a recognised independent tax adviser has been delivered to the Principal Paying Agent stating that on or after the date of issue of the Bonds the Issuer or the Guarantor has or will become obliged to pay Additional Amounts pursuant to § 7 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 the Issuer's or the Guarantor's country of domicile for tax purposes, respectively, or any political subdivision or any authority thereof or therein, or any change in or amendment to any official interpretation or application of those laws or rules or regulations, which change or amendment becomes effective on or after the date of issue of the Bonds and that obligation cannot be avoided by the Issuer or the Guarantor taking such reasonable measures it (acting in good faith) deems appropriate.

"**Hannover Re Group**" means the Guarantor and its direct and indirect subsidiaries that pursuant to the Applicable Supervisory Regulations are consolidated in the insurance group of the Guarantor from time to time.

"**Principal Paying Agent**" has the meaning set out in § 9(1).

An "**Insolvency Event**" will have occurred in respect of (i) a payment of interest, Arrears of Interest or principal on the Bonds or (ii) a repurchase of the Bonds if the Issuer or the Guarantor would become insolvent in accordance with the Applicable Insolvency Regulations as a result thereof.

"**Margin**" means 4.30 per cent.

"**Compulsory Interest Payment Date**" means any Interest Payment Date (as defined below) during the six months prior to which a Compulsory Interest Payment Event occurred, and in respect of which no Compulsory Deferral Event has occurred or is continuing.

"**Compulsory Interest Payment Event**" means any of

jedes der folgenden Ereignisse:

- (i) auf der letzten ordentlichen Hauptversammlung der Garantin wurde eine Dividende, sonstige Ausschüttung oder Zahlung auf eine beliebige Gattung von Aktien der Garantin wirksam beschlossen;
- (ii) seit der letzten ordentlichen Hauptversammlung der Garantin hat die Garantin eine Abschlagszahlung auf den Bilanzgewinn geleistet; oder
- (iii) die Garantin hat, direkt oder indirekt durch eine mit der Garantin verbundene Tochtergesellschaft 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 Tag, an dem Zahlungen von Zinsen und/oder Zinsrückständen gemäß diesen Anleihebedingungen vorgesehen sind, und in Bezug auf eine Zahlung von Zinsen und/oder Zinsrückständen eingetreten, wenn

- (i) eine entsprechende Zahlung zu einem Insolvenzereignis führen oder dessen Eintritt beschleunigen würde; oder
- (ii) am betreffenden Tag eine Anordnung der Zuständigen Aufsichtsbehörde in Kraft ist, die der Emittentin oder der Garantin im Rahmen der dann anwendbaren gesetzlichen Bestimmungen untersagt, Zahlungen auf die Schuldverschreibungen zu leisten; oder
- (iii) an oder vor diesem Tag ein Solvenzkapitalereignis entweder eingetreten ist und am betreffenden Tag fort dauert oder durch die Zahlung von Zinsen und/oder Zinsrückständen durch die Garantin am betreffenden Tag eintreten würde, es sei denn, die Zuständige Aufsichtsbehörde hat an oder vor diesem Tag ihre vorherige Zustimmung zur Zahlung der betreffenden Zinsen bzw. Zinsrückstände

the following events:

- (i) the most recent ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Guarantor 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 the most recent ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Guarantor; or
- (iii) 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 "**Compulsory Deferral Event**" will have occurred with respect to the date on which any payment of interest and/or Arrears of Interest is scheduled to be paid under these Terms and Conditions and with respect to a payment of interest and/or Arrears of Interest if

- (i) a corresponding payment would result in, or accelerate, the occurrence of an Insolvency Event; or
- (ii) there is in effect on such date an order of the Competent Supervisory Authority prohibiting the Issuer or the Guarantor in accordance with regulations applicable at such time from making payments under the Bonds; or
- (iii) a Solvency Capital Event either has occurred on or prior to such date and is continuing on such date or would be caused by the payment by the Guarantor of interest and/or Arrears of Interest on the relevant date, unless on or prior to such day the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the payment of the relevant interest and Arrears of Interest, re-

erteilt und ihre Zustimmung bis zu diesem Tag nicht widerrufen (falls eine solche Zustimmung zum betreffenden Zeitpunkt für die Qualifikation der Schuldverschreibungen als Tier 2 Kapital der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist, und sofern die Zuständige Aufsichtsbehörde nach den Anwendbaren Aufsichtsrechtlichen Vorschriften berechtigt ist, ihre Zustimmung zu erteilen).

"Pflichtnachzahlungstag" bezeichnet den früheren der folgenden Tage:

- (i) den nächsten Zinszahlungstag, der auf den Tag folgt, an dem ein Obligatorisches Zinszahlungsereignis eingetreten ist, in Bezug auf den kein Pflichtaussetzungsereignis eingetreten ist oder fort dauert, und an oder vor dem die Zuständige Aufsichtsbehörde ihre Zustimmung zu der betreffenden Zahlung erteilt und nicht widerrufen hat (falls eine solche Zustimmung zum betreffenden Zeitpunkt gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist);
- (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).

"Qualifizierte Mehrheit" hat die in § 12(2) festgelegte Bedeutung.

Ein **"Ratingereignis"** liegt vor, wenn Standard & Poor's Rating Services, eine Abteilung der The McGraw Hill Companies, Inc. ("**S&P**") oder A.M. Best Company ("**A.M. Best**") (oder einer jeweiligen Nachfolgerin) ihre an dem Tag der Begebung der

spectively (if under the Applicable Supervisory Regulations such consent is required at the time in order for the Bonds to qualify as Tier 2 Capital of the Guarantor or of the Hannover Re Group or of the group of companies the Guarantor is a member of, and to the extent it may give such prior consent in accordance with the Applicable Supervisory Regulations).

"Mandatory Settlement Date" means the earlier of:

- (i) the next Interest Payment Date following the date on which a Compulsory Interest Payment Event occurred, in respect of which no Compulsory Deferral Event has occurred, and on or prior to which the Competent Supervisory Authority has given, and not withdrawn, its consent to the relevant payment (if under the Applicable Supervisory Regulations such consent is required at the time);
- (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).

"Qualified Majority" has the meaning set out in § 12(2).

A **"Rating Event"** will occur if Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. ("**S&P**") or A.M. Best Company ("**A.M. Best**"), or any respective successor, changes its equity credit criteria (or the interpretation or

Schuldverschreibungen geltenden Kriterien (oder deren Auslegung bzw. Anwendung) für die Eigenkapitalanrechnung von Wertpapieren wie die Schuldverschreibungen ändert, und soweit nach begründeter Auffassung der Garantin die Änderung der Kriterien (oder deren Auslegung bzw. Anwendung) zu einer niedrigeren Eigenkapitalanrechnung führt, als die Eigenkapitalanrechnung, die den Schuldverschreibungen von S&P bzw. A.M. Best vor dem Zeitpunkt dieser Änderung der Kriterien (oder deren Auslegung bzw. Anwendung) zugewiesen wurde.

Ein "**Rechnungslegungsereignis**" tritt ein, wenn der Hauptzahlstelle ein Gutachten einer unabhängigen anerkannten Wirtschaftsprüfungsgesellschaft übergeben worden ist, aus dem hervorgeht, dass die Garantin aufgrund einer Änderung der Anwendbaren Rechnungslegungsvorschriften die Verbindlichkeiten aus den Schuldverschreibungen zur Zahlung des Kapitals in dem nach Maßgabe der Anwendbaren Rechnungslegungsvorschriften aufgestellten Konzernjahresabschluss der Garantin nicht bzw. nicht mehr als Verbindlichkeiten ausweisen kann und die Garantin dies nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält.

"**Referenzbanken**" hat die in § 4(2)(c) festgelegte Bedeutung.

"**Rückzahlungsbedingungen**" hat die in § 5(6) festgelegte Bedeutung.

"**Rückzahlungsbetrag**" ist ein Betrag je Schuldverschreibung in Höhe des Festgelegten Nennbetrages zuzüglich der bis zum Tag der Rückzahlung in Bezug auf diese Schuldverschreibung aufgelaufenen, aber noch nicht bezahlten Zinsen sowie, zur Klarstellung, sämtlicher fälligen Zinsrückstände in Bezug auf diese Schuldverschreibung.

"**Schuldverschreibungen**" hat die in § 2(1) festgelegte Bedeutung.

"**SchVG**" bezeichnet das Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG.

"**Solvency II Richtlinie**" bezeichnet die Richtlinie 2009/138/EG des Europäischen Parlaments und der Kommission vom 25. November 2009 in ihrer jeweils

application thereof) for securities such as the Bonds as such criteria are in effect on the date of issue of the Bonds, which change in the criteria (or the interpretation or application thereof) results, in the reasonable opinion of the Guarantor, in a lower equity credit being given to the Bonds than the equity credit given to the Bonds prior to such change in the criteria (or the interpretation or application thereof).

An "**Accounting Event**" will occur if an opinion of a recognised accounting firm has been delivered to the Principal Paying Agent, stating that as a result of any change in or amendment to the Applicable Accounting Standards the Guarantor must not or must no longer record the obligations under the Bonds for the payment of principal as liabilities on the consolidated balance sheet prepared in accordance with Applicable Accounting Standards for purposes of the Guarantor's published consolidated annual financial statements and this cannot be avoided by the Guarantor taking such reasonable measures it (acting in good faith) deems appropriate.

"**Reference Banks**" has the meaning set out in § 4(2)(c).

"**Conditions to Redemption**" has the meaning set out in § 5(6).

"**Redemption Amount**" means an amount per Bond equal to the Principal Amount plus any interest accrued on such Bond to but excluding the date of redemption but yet unpaid and, for the avoidance of doubt, any Arrears of Interest due on such Bond.

"**Bonds**" has the meaning set out in § 2(1).

"**SchVG**" means the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*).

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 as amended from time to time and

gültigen Fassung und die darauf bezogenen Umsetzungsmaßnahmen der Europäischen Kommission.

Ein "**Solvenzkapitalereignis**" ist eingetreten

- (i) bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, falls die Garantin, der Hannover Rück-Konzern oder der Konzern, dem die Garantin angehört, nicht über ausreichende Mittel zur Deckung der geforderten Mindest-Solvabilitätsspanne (oder einem entsprechenden Begriff nach einer Änderung anzuwendender Vorschriften) verfügt, wie sie nach den Anwendbaren Aufsichtsrechtlichen Vorschriften vorgeschrieben sind; bzw.
- (ii) nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, falls die Eigenmittel (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) der Garantin, des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, nicht ausreichen, um die geltenden Solvenzkapitalanforderungen (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung) gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften abzudecken, und für die Qualifikation der Schuldverschreibungen als Tier 2 Kapital der Garantin, des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, im Falle einer solchen Unterschreitung eine Aussetzung von Zinszahlungen erforderlich bzw. die Nachzahlung von Zinsrückständen, die Rückzahlung des Kapitals oder der Rückkauf untersagt ist.

Ein "**Steuerereignis**" liegt vor, wenn der Hauptzahlstelle ein Gutachten eines anerkannten, unabhängigen Steuerberaters vorgelegt wird, aus dem hervorgeht, dass am oder nach dem Tag der Begebung der Schuldverschreibungen aufgrund einer am oder nach dem Tag der Begebung der Schuldverschreibungen eintretenden Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) der Bundesrepublik Deutschland oder des Großherzogtums Luxemburg bzw. des Staats, in dem die Emittentin oder die Garantin steuerlich ansässig

the implementing measures by the European Commission thereunder.

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

- (i) prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations, if the Guarantor, the Hannover Re Group or the group of companies the Guarantor is a member of does not have sufficient funds to cover the required minimum solvency margin (or a comparable term in case of a change in applicable rules) in accordance with Applicable Supervisory Regulations; or
- (ii) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, if the regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive) of the Guarantor, the Hannover Re Group or the group of companies the Guarantor is a member of is not sufficient to cover the relevant solvency capital requirement pursuant to the Applicable Supervisory Regulations (howsoever described in the course of the implementation of the Solvency II Directive) and a deferral of interest is required or a payment of Arrears of Interest or a repayment of principal or repurchase is prohibited, respectively, in the case of such insufficiency in order for the Bonds to qualify as Tier 2 Capital of the Guarantor, the Hannover Re Group or the group of companies the Guarantor is a member of.

A "**Tax Event**" will occur if an opinion of a recognised independent tax adviser has been delivered to the Principal Paying Agent stating that 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 Federal Republic of Germany or the Grand Duchy of Luxembourg or the Issuer's or the Guarantor's country of domicile for tax purposes, respectively, 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

sind, oder einer ihrer/seiner Gebietskörperschaften oder einer ihrer/seiner Steuerbehörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung solcher Gesetze, Bestimmungen oder Vorschriften (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 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.

"Tier 2 Kapital" bezeichnet, nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, aufsichtsrechtlich anrechnungsfähige Eigenmittel der Qualitätsklasse 2 (Tier 2) (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung).

"Tier 3 Kapital" bezeichnet, nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, aufsichtsrechtlich anrechnungsfähige Eigenmittel der Qualitätsklasse 3 (Tier 3) (unabhängig von der im Rahmen der Umsetzung der Solvency II Richtlinie gewählten Bezeichnung).

"Variabler Zinsbetrag" hat die in § 4(2)(d) festgelegte Bedeutung.

"Variabler Zinssatz" hat die in § 4(2)(b) festgelegte Bedeutung.

"Variabler Zinszahlungstag" bezeichnet den 31. März, 30. Juni, 30. September und 31. Dezember eines jeden Jahres, beginnend mit dem 30. September 2023. Falls ein Variabler Zinszahlungstag auf einen Tag fällt, der kein Geschäftstag ist, wird dieser Variable Zinszahlungstag auf den nächstfolgenden Geschäftstag 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

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), which change or amendment becomes effective on or after the date of issue of the Bonds, 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 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.

"Tier 2 Capital" means, upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, tier 2 regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive).

"Tier 3 Capital" means, upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, tier 3 regulatory capital (howsoever described in the course of the implementation of the Solvency II Directive).

"Floating Interest Amount" has the meaning set out in § 4(2)(d).

"Floating Interest Rate" has the meaning set out in § 4(2)(b).

"Floating Interest Payment Date" means 31 March, 30 June, 30 September and 31 December in each year, commencing on 30 September 2023. 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 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

ersten Variablen Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Variablen Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Variablen Zinszahlungstag (ausschließlich).

"Vorgesehener Endfälligkeitstag" ist der Variable Zinszahlungstag, der auf oder um den 30. Juni 2043 fällt.

"Vorläufige Globalurkunde" hat die in § 2(2) festgelegte Bedeutung.

"Zahlstellen" hat die in § 9(1) festgelegte Bedeutung.

"Zinslaufbeginn" ist der 20. November 2012.

"Zinsfestsetzungstag" hat die in § 4(2)(c) festgelegte Bedeutung.

"Zinsperiode" bezeichnet jede Festzinsperiode und jede Variable Zinsperiode.

"Zinstagequotient" hat die in § 4(2)(c) festgelegte Bedeutung.

"Zinszahlungstag" bezeichnet jeden Festzinszahlungstag und jeden Variablen Zinszahlungstag.

"Zusätzliche Beträge" hat die in § 7 festgelegte Bedeutung.

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

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.

"Scheduled Maturity Date" means the Floating Interest Rate Payment Date falling on or nearest to 30 June 2043.

"Temporary Global Bond" has the meaning set out in § 2(2).

"Paying Agents" has the meaning set out in § 9(1).

"Interest Commencement Date" means 20 November 2012.

"Interest Determination Date" has the meaning set out in § 4(2)(c).

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

"Day Count Fraction" has the meaning set out in § 4(2)(c).

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

"Additional Amounts" has the meaning set out in § 7.

"Competent Supervisory Authority" means the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any authority which becomes its successor in such capacity as insurance regulator.

§ 2

Verbriefung und Nennbetrag

- (1) Währung, Nennbetrag und Form.

Die Emittentin begibt unter der nachrangigen Garantie der Garantin auf den Inhaber lautende, garantierte, nachrangige, fest- bis variabel verzinsliche Schuldverschreibungen (die **"Schuldverschreibungen"**) im festgelegten Nennbetrag von je € 100.000 (der **"Festgelegte Nennbetrag"**) und im Gesamtnennbetrag von € 500.000.000.

- (2) Globalurkunden und Austausch.

Die Schuldverschreibungen werden zunächst in einer vorläufigen Globalinhaberschuldver-

§ 2

Form and Denomination

- (1) Currency, Denomination and Form.

The Issuer issues guaranteed subordinated fixed to floating rate bearer bonds (the **"Bonds"**) in a denomination of € 100,000 each (the **"Principal Amount"**) in the aggregate principal amount of € 500,000,000 guaranteed on a subordinated basis by the Guarantor.

- (2) Global Bonds and Exchange.

The Bonds will initially be represented by a temporary global bearer bond (the **"Temporary**

schreibung (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 Vorläufigen Globalurkunde, jeweils eine "**Globalurkunde**") ohne Zinsscheine ausgetauscht. Zahlungen auf eine Vorläufige Globalurkunde erfolgen nur gegen Vorlage einer solchen Bestätigung. Einzelurkunden oder Zinsscheine werden nicht ausgegeben.

- (3) Die Miteigentumsanteile bzw. Rechte der Anleihegläubiger an der Globalurkunde können nach Maßgabe des anwendbaren Rechts und der Regeln und Bestimmungen des Clearingsystems übertragen werden.

§ 3

Status und Garantie

- (1) Status der Schuldverschreibungen.
- Die 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 ge-

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.

- (3) The Bondholders' proportional co-ownership interests or rights in the Global Bond are transferable in accordance with applicable law and the rules and regulations of the Clearing System.

§ 3

Status and Guarantee

- (1) Status of the Bonds.
- 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

setzliche 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 § 3(1) 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 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

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 § 3(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 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

gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden. Nachträglich können weder der Nachrang gemäß diesem § 3 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.

(3) Nachrangige Garantie.

Die Garantin hat die nachrangige 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. Zahlungen auf die Garantie werden nur nach Maßgabe der Bedingungen der Garantie fällig.

(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

Bonds. No subsequent agreement may limit the subordination pursuant to the provisions set out in this § 3 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.

(3) Subordinated Guarantee.

The Guarantor has given a subordinated 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. Payments under the Guarantee will become due only in accordance with the terms of the Guarantee.

(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 obliga-

(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.

(5) Aufrechnungsverbot.

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

**§ 4
Zinsen**

(1) Festzinsperiode.

(a) Im Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum Ersten Kündigungstermin (ausschließlich) werden die Schuldverschreibungen bezogen auf

tions 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, and 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.

**§ 4
Interest**

(1) Fixed Interest Period.

(a) In the period from and including the Interest Commencement Date to but excluding the First Call Date the Bonds bear interest on their aggregate principal

den Gesamtnennbetrag mit jährlich 5,00 % verzinst. Während dieses Zeitraums sind Zinsen nachträglich an jedem Festzinszahlungstag zur Zahlung vorgesehen, und werden nach Maßgabe der in § 4(3) dargelegten Bedingungen fällig.

- (b) Sofern Zinsen in Bezug auf eine Festzinsperiode oder einen Teil davon zu berechnen sind, erfolgt die Berechnung auf der Grundlage des Festzins-Zinstagequotienten (wie nachstehend definiert).

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

"Festzins-Zinstagequotient" bezeichnet im Hinblick auf die Berechnung eines Betrages von Zinsen auf die Schuldverschreibungen für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich) (der **"Zinsberechnungszeitraum"**)):

- (i) wenn der Zinsberechnungszeitraum der Feststellungsperiode entspricht, in die er fällt, oder kürzer als diese ist, die Anzahl von Tagen in dem Zinsberechnungszeitraum dividiert durch die Anzahl von Tagen in der betreffenden Feststellungsperiode; und
- (ii) wenn der Zinsberechnungszeitraum länger als eine Feststellungsperiode ist, die Summe aus
- (A) der Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum, die in die Feststellungsperiode fallen, in der der Zinsberechnungszeitraum be-

amount at the rate of 5.00 per cent. per annum. During such period, interest is scheduled to be paid in arrear on each Fixed Interest Payment Date and will be due and payable (*fällig*) in accordance with the conditions set out in § 4(3).

- (b) If interest is required to be calculated for any Fixed Rate Interest Period or part thereof, such interest shall be calculated on the basis of the Fixed Rate Day Count Fraction (as defined below).

"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.

"Fixed Rate Day Count Fraction" means, in respect of the calculation of an amount of interest on the Bonds for any period of time (from and including the first day of such period to but excluding the last day of such period) (the **"Calculation Period"**):

- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the number of days in such Determination Period; and
- (ii) if the Calculation Period is longer than one Determination Period, the sum of:
- (A) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the number of

ginnt, dividiert durch die Anzahl der Tage in dieser Feststellungsperiode; und

- (B) der Anzahl der Tage in dem betreffenden Zinsberechnungszeitraum, die in die nachfolgende Feststellungsperiode fallen, dividiert durch die Anzahl der Tage in dieser Feststellungsperiode.

"Feststellungsperiode" bezeichnet den Zeitraum ab dem 30. Juni eines Jahres (einschließlich) bis zum nächsten 30. Juni (ausschließlich).

(2) Variable Zinsperiode.

(a) Variable Verzinsung.

Im Zeitraum ab dem Ersten Kündigungstermin (einschließlich) bis zum Endfälligkeitstag (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 § 4(3) dargelegten Bedingungen fällig.

(b) 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 der Marge, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

(c) In diesen Anleihebedingungen bezeichnet:

"Bildschirmseite" die Reuters-Seite

days in such Determination Period; and

- (B) the number of days in such Calculation Period falling in the next Determination Period divided by the number of days in such Determination Period.

"Determination Period" means the period from and including 30 June in any year to but excluding the next 30 June.

(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 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 § 4(3).

(b) 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 the Margin, all as determined by the Calculation Agent.

(c) In these Terms and Conditions:

"Screen Page" means Reuters Page

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 Dreimonats-einlagen 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 anfordern. 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;

"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 Variablen Zinsbetrages für einen Zinsberechnungszeitraum die tatsächliche Anzahl von Tagen im Zins-

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 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;

"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 Floating amount for any Calculation Period, the actual number of days in the Calculation

berechnungszeitraum geteilt durch 360.

(d) 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 Variablen Zinsbetrag (der "**Variable Zinsbetrag**") für die entsprechende Variable Zinsperiode berechnen. Die Berechnungsstelle ermittelt den Variablen 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 Variable Zinsbetrag für die jeweilige Variable Zinsperiode, die jeweilige Variable Zinsperiode und der relevante Variable Zinszahlungstag der Emittentin, der Garantin und, sofern dies von den jeweiligen Wertpapierbörsen, an denen die Schuldverschreibungen notiert sind, vorgesehen ist, der jeweiligen Wertpapierbörsen sowie den Anleihegläubigern durch Bekanntmachung gemäß § 11 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 Variable 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 § 11 bekannt gemacht.

Period divided by 360.

(d) 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 "**Floating Interest Amount**") payable on the Bonds for the relevant Floating Interest Period. The Calculation Agent will calculate the Floating 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 Floating Interest Amount for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer, the Guarantor 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 § 11 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 Floating 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 § 11.

Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 4(2) gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Garantin, die Hauptzahlstelle und die Anleihegläubiger bindend.

- (e) Ende der Verzinsung und Verzugszinsen.

Die Verzinsung der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorausgeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin eine Zahlung von Kapital auf diese Schuldverschreibungen bei Fälligkeit nicht leisten, endet die Verzinsung der Schuldverschreibungen mit Ablauf des Tages vor dem Tag der tatsächlichen Zahlung. Der in einem solchen Fall jeweils anzuwendende Zinssatz wird gemäß diesem § 4 bestimmt.

- (3) Fälligkeit von Zinszahlungen; Wahlweise und Zwingende Aussetzung von Zinszahlungen.

- (a) Zinsen, die während einer Zinsperiode auflaufen, die an einem Obligatorischen Zinszahlungstag (ausschließlich) endet, werden an diesem Obligatorischen Zinszahlungstag fällig.
- (b) Zinsen, die während einer Zinsperiode auflaufen, die an einem Fakultativen Zinszahlungstag (ausschließlich) endet, werden an diesem Fakultativen Zinszahlungstag fällig, es sei denn die Emittentin entscheidet sich durch eine Bekanntmachung an die Anleihegläubiger gemäß § 11 innerhalb einer Frist von nicht weniger als 10 und nicht mehr als 15 Geschäftstagen vor dem betreffenden Zinszahlungstag dazu, die betreffende Zinszahlung auszusetzen.

Wenn sich die Emittentin an einem Fakultativen Zinszahlungstag zur Nicht-

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 4(2) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent and the Bondholders.

- (e) End of interest accrual and default interest.

The Bonds will cease to bear interest from the end of the day preceding the day on which 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 end of the day preceding the day on which such payment is made. In such case the applicable rate of interest will be determined pursuant to this § 4.

- (3) Due date for interest payments; Optional and mandatory suspension of interest payments.

- (a) Interest which accrues during an Interest Period ending on but excluding a Compulsory Interest Payment Date will be due and payable (*fällig*) on such Compulsory Interest Payment Date.
- (b) Interest which accrues during an Interest Period ending on but excluding an Optional Interest Payment Date will be due and payable (*fällig*) 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 relevant Interest Payment Date in accordance with § 11, to suspend the relevant payment of interest.

If the Issuer elects not to pay, or to only partially pay, accrued interest on an Op-

zahlung aufgelaufener Zinsen oder nur für eine teilweise Zahlung der aufgelaufenen Zinsen entscheidet, dann ist sie nicht verpflichtet, an dem betreffenden Fakultativen Zinszahlungstag Zinsen zu zahlen bzw. ist sie nur verpflichtet, den Teil der aufgelaufenen Zinsen zu leisten, für dessen Zahlung sie sich entscheidet. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

- (c) Falls ein Pflichtaussetzungsereignis eingetreten ist und an einem Zinszahlungstag fort dauert, werden Zinsen, die während eines Zeitraumes aufgelaufen sind, der an dem betreffenden Zinszahlungstag (ausschließlich) endet, an diesem Zinszahlungstag nicht fällig. Die Emittentin wird die Anleihegläubiger gemäß § 11 über den Eintritt eines Pflichtaussetzungsereignisses baldmöglichst nach seiner Feststellung, aber keinesfalls später als am vierten Geschäftstag nach dem betreffenden Zinszahlungstag informieren. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

- (d) Nach Maßgabe dieses § 4(3) nicht fällig gewordene Zinsen sind Zinsrückstände (die "**Zinsrückstände**").

Zinsrückstände werden nicht verzinst.

- (4) Nachzahlung von Zinsrückständen.

- (a) Freiwillige Nachzahlung von Zinsrückständen.

Die Emittentin ist unter den im nachstehenden Satz 2 dieses § 4(4)(a) genannten Voraussetzungen berechtigt, ausstehende Zinsrückstände jederzeit ganz oder teilweise nach Bekanntma-

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 interest will not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose.

- (c) If a Compulsory Deferral Event has occurred and is continuing on any Interest Payment Date, interest which accrued 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 Compulsory Deferral Event in accordance with § 11 as soon as possible after its determination but in no event later than on the fourth Business Day following the relevant Interest Payment Date. Any such failure to pay interest will not constitute a default of the Issuer or any other breach of its obligations under the Bonds or for any other purpose.

- (d) Interest not due and payable in accordance with this § 4(3) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

- (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 § 4(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

chung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 10 und nicht mehr 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 Pflichtaussetzungsereignis eingetreten ist und fort dauert und (ii) sofern die Zuständige Aufsichtsbehörde ihre Zustimmung zur Nachzahlung der Zinsrückstände erteilt hat (falls eine solche Zustimmung zum betreffenden Zeitpunkt gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften 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 nachzuzahlen; sofern nicht an oder vor dem Freiwilligen Nachzahlungstermin ein Pflichtaussetzungsereignis eingetreten ist und an dem Freiwilligen Nachzahlungstermin fort dauert und sofern nicht durch die Zahlung der betroffenen Zinsrückstände ein Pflichtaussetzungsereignis an dem Freiwilligen Nachzahlungstermin eintreten würde.

- (b) Pflicht zur Nachzahlung von Zinsrückständen.

Die Emittentin ist verpflichtet, ausstehende Zinsrückstände am nächsten Pflichtnachzahlungstag nachzuzahlen, 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 Zeit-

10 and not more than 15 Business Days' notice to the Bondholders in accordance with § 11 which notice will 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 Compulsory Deferral Event has previously occurred and is continuing, and (ii) if the Competent Supervisory Authority has given its prior approval to the payment of the Arrears of Interest (if required at the time under the Applicable Supervisory Regulations). 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 Compulsory Deferral Event has occurred on or prior to the Optional Settlement Date and is continuing, and that no Compulsory Deferral Event would occur as a result of the relevant payment 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 Compulsory Deferral Event, this obligation is subject to the prior approval of the Competent Supervisory Authority (if

punkt erforderlich) besteht.

§ 5

Rückzahlung und Rückkauf

(1) Rückzahlung bei Endfälligkeit.

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

(2) Rückkauf.

- (a) Vorbehaltlich der Erfüllung der Rückzahlungsbedingungen kann die Emittentin, die Garantin oder ihre jeweiligen Tochtergesellschaften, soweit gesetzlich zulässig, jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis erwerben. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.

- (b) Die Rückzahlungsbedingungen müssen im Falle von Rückkäufen nicht erfüllt sein, soweit verbundene Unternehmen der Garantin die Schuldverschreibungen für fremde Rechnung oder für Sondervermögen (im Sinne des § 2 Abs. 2 und § 30 Investmentgesetz) erwerben, es sei denn, die Anteile an diesen Sondervermögen werden mehrheitlich von der Garantin oder von einem ihrer verbundenen Unternehmen gehalten.

- (c) Für einen Erwerb von Schuldverschreibungen im Rahmen eines Umtauschs gegen andere Wertpapiere gelten § 5(2)(a) und (b) entsprechend.

(3) Rückzahlung nach Wahl der Emittentin.

Die Emittentin kann die Schuldverschreibungen (insgesamt jedoch nicht nur teilweise) vorbehaltlich der Erfüllung der Rückzahlungsbedingungen am Ersten Kündigungstermin und an jedem nachfolgenden Variablen Zinszahlungstag durch Erklärung gemäß § 5(5) zum Rückzahlungsbetrag zurückzahlen. Die Rückzahlung steht auch nach einer Kündigungserklärung unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen an dem in der Erklärung gemäß § 5(5) für die

required at the time).

§ 5

Redemption and Repurchase

(1) Redemption at Maturity.

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

(2) Repurchase.

- (a) Subject to the Conditions to Redemption being fulfilled 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. Such acquired Bonds may be cancelled, held or resold.

- (b) The Conditions to Redemption do not have to be fulfilled for purchases made by affiliates of the Guarantor for the account of a third party or funds (within the meaning of § 2(2) and § 30 Investment Act (*Investmentgesetz*)), unless the majority of the shares in the relevant fund are held by the Guarantor or one of its affiliates.

- (c) § 5(2)(a) and (b) shall apply *mutatis mutandis* to an acquisition of the Bonds by way of exchange for other securities.

(3) Redemption at the Option of the Issuer.

The Issuer may, upon giving notice in accordance with § 5(5) and subject to the Conditions to Redemption being fulfilled, call the Bonds for redemption (in whole but not in part) at their Redemption Amount on the First Call Date or on any Floating Interest Payment Date thereafter. Even if such call notice is given, the redemption is subject to the Conditions to Redemption being fulfilled on the date fixed for redemption in the notice pursuant to § 5(5).

Rückzahlung festgelegten Tag.

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

(a) Gross-up-Ereignis.

Vor dem Ersten Kündigungstermin ist die Emittentin jederzeit berechtigt, durch Erklärung gemäß § 5(5) und vorbehaltlich der Erfüllung der Rückzahlungsbedingungen die Schuldverschreibungen (insgesamt und nicht teilweise) nach Eintritt eines Gross-Up Ereignisses an dem in der Erklärung gemäß § 5(5) für die Rückzahlung festgelegten Tag zum Rückzahlungsbetrag zurückzuzahlen. Die Rückzahlung steht auch nach einer Kündigungserklärung unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen an dem in der Erklärung gemäß § 5(5) für die Rückzahlung festgelegten Tag.

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 § 7 zu zahlen.

- (b) Steuerereignis, Aufsichtsrechtliches Ereignis, Rechnungslegungsereignis oder Ratingereignis.

Vor dem Ersten Kündigungstermin ist die Emittentin jederzeit berechtigt, durch Erklärung gemäß § 5(5) und vorbehaltlich der Erfüllung der Rückzahlungsbedingungen die Schuldverschreibungen (insgesamt und nicht teilweise) nach Eintritt eines Steuerereignisses, eines Aufsichtsrechtlichen Ereignisses, eines Rechnungslegungsereignisses oder eines Ratingereignisses an dem in der Erklärung gemäß § 5(5) für die Rückzahlung festgelegten Tag zum Rückzahlungsbetrag zurückzuzahlen. Jedoch ist die Emittentin im Falle des Eintretens eines

- (4) Redemption following a Gross-up Event, a Tax Event, a Regulatory Event, an Accounting 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 § 5(5) and subject to the Conditions to Redemption being fulfilled call the Bonds for redemption (in whole but not in part) following the occurrence of a Gross-Up Event at their Redemption Amount on the date fixed for redemption in the notice pursuant to § 5(5). Even if such call notice is given, the redemption is subject to the Conditions to Redemption being fulfilled on the date fixed for redemption in the notice pursuant to § 5(5).

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 § 7.

- (b) Tax Event, Regulatory Event, Accounting Event or Rating Event.

At any time prior to the First Call Date the Issuer may upon giving notice in accordance with § 5(5) and subject to the Conditions to Redemption being fulfilled call the Bonds for redemption (in whole but not in part) following the occurrence of a Tax Event, a Regulatory Event, an Accounting Event or a Rating Event at their Redemption Amount on the date fixed for redemption in the notice pursuant to § 5(5). However, there shall be no right to call the Bonds for redemption in case of an Accounting Event or a Rating Agency Event, if the Solvency II Directive has become part of

Rechnungslegungsereignisses oder eines Ratingereignisses nicht zur Kündigung berechtigt, wenn die Solvency II Richtlinie Teil der Anwendbaren Aufsichtrechtlichen Vorschriften geworden ist und ein solches Recht die Einbeziehung der Schuldverschreibung in die Berechnung des Tier 2 Kapitals der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, verhindert. Die Rückzahlung steht auch nach einer Kündigungserklärung unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen an dem in der Erklärung gemäß § 5(5) für die Rückzahlung festgelegten Tag.

- (5) Bekanntmachung der Vorzeitigen Rückzahlung.

Die Emittentin kann ein Recht zur vorzeitigen Rückzahlung gemäß § 5(3) und (4) durch eine Bekanntmachung an die Anleihegläubiger gemäß § 11 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen ausüben. Die Bekanntmachung und die Information der Hauptzahlstelle haben in den Fällen des § 5(4) diejenigen Tatsachen zu enthalten, auf welche die Emittentin ihr Kündigungsrecht stützt, und den für die Rückzahlung festgelegten Tag zu bezeichnen.

- (6) Rückzahlungsbedingungen.

Die "**Rückzahlungsbedingungen**" sind an einem Tag in Bezug auf eine vorgesehene Rückzahlung oder einen Rückkauf der Schuldverschreibungen erfüllt, wenn

- (i) im Falle einer vorzeitigen Rückzahlung oder eines Rückkaufs der Schuldverschreibungen, bevor die Solvency II Richtlinie Teil der Anwendbaren Aufsichtrechtlichen Vorschriften geworden ist, der rückzuzahlende oder zurückzukaufende Betrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist oder die Zuständige Aufsichtsbehörde der Rückzahlung oder dem Rückkauf zustimmt; bzw.

the Applicable Supervisory Regulations and such right would prevent the inclusion of the Bonds in the determination of the Tier 2 Capital of the Guarantor or of the Hannover Re Group or the group of companies the Guarantor is a member of. Even if such call notice is given, the redemption is subject to the Conditions to Redemption being fulfilled on the date fixed for redemption in the notice pursuant to § 5(5).

- (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 § 11 of any early redemption pursuant to § 5(3) and (4). In the case of § 5(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) Conditions to Redemption.

The "**Conditions to Redemption**" are fulfilled on any day with respect to a scheduled redemption or a repurchase of the Bonds, if

- (i) in the case of an early redemption or repurchase of the Bonds prior to the Solvency II Directive becoming part of the Applicable Supervisory Regulations the repaid or repurchased amounts have been replaced by other at least equivalent regulatory capital (*Eigenmittel*) of at least equal status or if the Competent Supervisory Authority has given its consent to the redemption or repurchase; or

(ii) nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist,

(A) eine entsprechende Zahlung bzw. ein entsprechender Rückkauf nicht zu einem Insolvenzergebnis führen oder dessen Eintritt beschleunigen würde; und

(B) kein Solvenzkapitalereignis eingetreten ist und fort dauert oder durch die Rückzahlung der Schuldverschreibungen bzw. durch den Rückkauf eintreten würde. Sofern ein Solvenzkapitalereignis eingetreten ist und fort dauert oder durch die Rückzahlung der Schuldverschreibungen bzw. durch den Rückkauf eintreten würde, sind die Rückzahlungsbedingungen erfüllt, wenn die Zuständige Aufsichtsbehörde ihre vorherige Zustimmung zur Rückzahlung und der Zahlung von aufgelaufenen Zinsen bzw. etwaigen Zinsrückständen auf die Schuldverschreibungen bzw. zu dem Rückkauf erteilt und bis zu diesem Tag nicht widerrufen hat (sofern sie nach den Anwendbaren Aufsichtsrechtlichen Vorschriften berechtigt ist, ihre Zustimmung zu erteilen); und

(C) die Zuständige Aufsichtsbehörde ihre Zustimmung zur Rückzahlung und der Zahlung von aufgelaufenen Zinsen bzw. etwaigen Zinsrückständen auf die Schuldverschreibungen bzw. zu dem Rückkauf erteilt und bis zu diesem Tag nicht widerrufen hat (falls eine solche Zustimmung zum betreffenden Zeitpunkt für die Qualifikation der Schuldverschreibungen als Tier 2 Kapital der Garantin oder des Hannover Rück-Konzerns oder des

(ii) upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations,

(A) a corresponding payment or a corresponding repurchase would not result in, or accelerate, the occurrence of an Insolvency Event; and

(B) no Solvency Capital Event has occurred and is continuing or would be caused by the redemption or the repurchase of the Bonds. If a Solvency Capital Event has occurred and is continuing or would be caused by the redemption or the repurchase of the Bonds, the Conditions to Redemption would be fulfilled if the Competent Supervisory Authority has given, and not withdrawn by such date, its prior consent to the redemption of the Bonds and the payment of accrued interest and Arrears of Interest (if any) on the Bonds or to the repurchase of the Bonds (to the extent it may give such prior consent in accordance with the Applicable Supervisory Regulations); and

(C) the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the redemption of the Bonds and the payment of accrued interest and Arrears of Interest (if any) on the Bonds or to the repurchase of the Bonds (if under the Applicable Supervisory Regulations such consent is required at the time in order for the Bonds to qualify as Tier 2 Capital of the Guarantor or of the Hannover Re Group or the group

Konzerns, dem die Garantin angehört, gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften jeweils erforderlich ist); und

- (D) im Falle einer Rückzahlung der Schuldverschreibungen gemäß § 5 (4) bzw. eines Rückkaufs der Schuldverschreibungen gemäß § 5 (2) vor dem Ersten Kündigungstermin, außer in dem Fall einer Kündigung gemäß § 5 (4)(b) aufgrund eines Aufsichtsrechtlichen Ereignisses gemäß Variante (B)(I) der Definition von "Aufsichtsrechtliches Ereignis", das Kapital durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist (falls eine solche Ersetzung zum betreffenden Zeitpunkt für die Qualifikation der Schuldverschreibungen als Tier 2 Kapital der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften jeweils erforderlich ist); und

- (E) falls

- (I) die Emittentin zur Kündigung der Schuldverschreibungen gemäß Variante (B) der Definition von "Aufsichtsrechtliches Ereignis" berechtigt wäre; und
- (II) die Schuldverschreibungen jedoch zu diesem Zeitpunkt die Anforderungen für eine Einbeziehung in die Berechnung des Tier 3 Kapitals erfüllen,

der zurückzuzahlende Nennbetrag nach vorheriger Zustimmung der Zuständigen Aufsichtsbe-

of companies the Guarantor is a member of); and

- (D) in the event of a redemption of the Bonds pursuant to § 5 (4) or the repurchase of the Bonds pursuant to § 5 (2) prior to the First Call Date except in the case of a redemption pursuant to § 5 (4)(b) following a Regulatory Event as set forth in alternative (B)(I) of the definition of "Regulatory Event", the capital has been replaced by other at least equivalent regulatory capital (if such replacement is required at the time in order for the Bonds to qualify as Tier 2 Capital of the Guarantor or of the Hannover Re Group or the group of companies the Guarantor is a member of under the Applicable Supervisory Regulations); and

- (E) if

- (I) the Issuer would be entitled to redeem the Bonds pursuant to alternative (B) of the definition of "Regulatory Event"; and
- (II) the Bonds fulfil the requirements for the inclusion in the determination of the Tier 3 Capital at that time,

the principal amount of the Bonds to be repaid has been replaced with the prior consent of

hörde (sofern im betreffenden Zeitpunkt eine solche Zustimmung aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist) durch die Einzahlung anderer Eigenmittel, die zumindest die Anforderungen für eine Einbeziehung in die Berechnung des Tier 3 Kapitals erfüllen, ersetzt worden ist (sofern im betreffenden Zeitpunkt eine solche Ersetzung aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist), es sei denn, die Zuständige Aufsichtsbehörde hat der Rückzahlung der Schuldverschreibungen ohne eine solche Ersetzung zuvor zugestimmt.

§ 6

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 über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber. Sämtliche Zahlungen stehen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien und Verordnungen oder Verträge, denen sich die Emittentin, die Hauptzahlstelle, eine Zahlstelle oder die Berechnungsstelle unterworfen haben. Die Emittentin ist nicht für irgendwelche Steuern oder Abgaben gleich welcher Art verantwortlich, die aufgrund solcher steuerlichen oder sonstigen gesetzlichen Vorschriften, Richtlinien oder Verordnungen oder Verträge auferlegt oder erhoben werden. Dies berührt jedoch nicht die Bestimmungen von § 7. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt. Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden

the Competent Supervisory Authority (if such consent is required according to the Applicable Supervisory Regulations) by other capital (*Eigenmittel*) that at least fulfils the requirements for the inclusion in the determination of the Tier 3 Capital (if such replacement is required at the relevant time under the Applicable Supervisory Regulations) with the prior consent of the Competent Supervisory Authority (if under the Applicable Supervisory Regulations such consent is required at the time), unless the Competent Supervisory Authority has given its prior consent to the redemption of the Bonds without such replacement.

§ 6

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 through the Principal Paying Agent for on-payment to the Clearing System or to its order for credit to the respective account holders. All payments will be subject to all applicable fiscal and other laws, directives and regulations or agreements to which the Issuer, the Principal Paying Agent, any Paying Agent or the Calculation Agent agree to be subject and the Issuer and the Guarantor will not be liable for any taxes or duties of whatever nature imposed or levied by such fiscal and other laws, regulations, directives or agreements, but without prejudice to the provisions of § 7. No commission or expenses shall be charged to the Bondholders in respect of such payments. 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 § 7.

Verbindlichkeiten aus den Schuldverschreibungen. Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 7 ein.

- (2) Falls ein Fälligkeitstag für die Zahlung von Kapital und/oder Zinsen und/oder Zinsrückständen kein Geschäftstag ist, erfolgt die Zahlung erst am nächstfolgenden Geschäftstag (außer im Fall eines Variablen Zinszahlungstags); die Anleihegläubiger sind nicht berechtigt, Zinsen oder eine andere Entschädigung wegen eines solchen Zahlungsaufschubs zu verlangen.

§ 7

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, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art geleistet, die von dem Großherzogtum Luxemburg bzw. der Bundesrepublik Deutschland bzw. dem Staat, in dem die Emittentin oder die Garantin steuerlich ansässig sind, oder einer ihrer/seiner Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin oder die 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. zur Bundesrepublik Deutschland bzw. zu dem Staat, in dem die Emittentin oder, im Falle von Zahlungen durch die Garantin, die Garantin steuerlich ansässig sind, unterliegt als der bloßen Tatsache, dass er der Inhaber der betreffenden Schuldverschreibungen ist; oder

- (2) If the due date for any payment of principal and/or interest and/or Arrears of Interest is not a Business Day, payment will be effected only on the next Business Day (except as provided in relation to a Floating Interest Payment Date). The Bondholders will have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

§ 7

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 taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Grand Duchy of Luxembourg or the Federal Republic of Germany or the Issuer's or the Guarantor's country of domicile for tax purposes, respectively, or any political subdivision or any authority thereof or therein that has power to tax, unless the Issuer or the Guarantor is compelled by a law or other regulation to make such withholding or deduction. In that event, the Issuer or the Guarantor 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 or the Issuer's or, in the case of payments made by the Guarantor, the Guarantor's country of domicile for tax purposes, respectively, other than the mere fact of his being the holder of the relevant Bonds; or

- (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 notwendigen 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 § 11 bekannt gemacht wurde, zur Zahlung vorgelegt hätte.

§ 8

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.

§ 9

Zahlstellen und Berechnungsstellen

- (1) Bestellung.

Die Emittentin hat BNP Paribas Securities Services, Luxembourg Branch als Hauptzahlstelle in Bezug auf die Schuldverschreibungen (die "**Hauptzahlstelle**")

- (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 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 § 11.

§ 8

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.

§ 9

Paying and Calculation Agents

- (1) Appointment.

The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**Principal Paying Agent**") and, together with any additional paying

und gemeinsam mit jeder etwaigen von der Emittentin nach § 9(2) bestellten zusätzlichen Zahlstelle, die "**Zahlstellen**") und als Berechnungsstelle (die "**Berechnungsstelle**") 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 oder eine Nachfolger-Berechnungsstelle zu ernennen. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen und die Berechnungsstelle oder deren angegebenen Geschäftsstellen umgehend gemäß § 11 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 und die Berechnungsstelle sind von den Beschränkungen des § 181 des Bürgerlichen Gesetzbuchs befreit.

§ 10

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. Der Begriff "**Schuldverschreibungen**" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

§ 11

Bekanntmachungen

(1) Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse im regulierten Markt notiert

agent appointed by the Issuer in accordance with § 9(2), the "**Paying Agents**") and as Calculation Agent (the "**Calculation Agent**") with respect to the Bonds.

(2) Variation or Termination of Appointment.

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Calculation Agent and to appoint successor or additional Paying Agents or a successor Calculation Agent. Notice of any change in the Paying Agents or the Calculation Agent or in the specified office of any Paying Agent or the Calculation Agent will promptly be given to the Bondholders pursuant to § 11.

(3) Status of the Agents.

The Paying Agents and the 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 and the Calculation Agent are exempt from the restrictions of § 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

§ 10

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. The term "**Bonds**" shall, in the event of such further issue, also comprise such further bonds.

§ 11

Notices

(1) All notices regarding the Bonds will be published (so long as the Bonds are listed on the regulated market of the Luxembourg Stock Exchange) on the website of the Luxembourg

sind) auf der Internet-Seite der Luxemburger Börse unter www.bourse.lu und im Bundesanzeiger (soweit erforderlich oder von der Emittentin gewollt) 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 Anleihegläubiger zu übermitteln. Jede derartige Mitteilung gilt am dritten Tag nach dem Tag der Mitteilung an das Clearing System als den Anleihegläubigern mitgeteilt.

§ 12

Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger; Gemeinsamer Vertreter

- (1) Die Anleihebedingungen und die Bedingungen der Garantie können, vorbehaltlich der in § 3(2), § 3(5) und § 5(6) genannten aufsichtsrechtlichen Einschränkungen und vorbehaltlich der Zustimmung der Zuständigen Aufsichtsbehörde (sofern eine solche Zustimmung dann aufgrund anwendbarer Vorschriften erforderlich ist) von der Emittentin und der Garantin mit Zustimmung der Anleihegläubiger durch Mehrheitsbeschluss nach Maßgabe der §§ 5 ff. SchVG in seiner jeweiligen gültigen Fassung 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 § 13 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,

Stock Exchange on www.bourse.lu and in the Federal Gazette (to the extent required or intended by the Issuer). 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 Bondholders. Any such notice shall be deemed to have been given to the Bondholders on the third day after the date on which the said notice was given to the Clearing System.

§ 12

Amendments to the Terms and Conditions by resolution of the Bondholders; Joint Representa- tive

- (1) Subject to the regulatory limitations set out in § 3(2), § 3(5) and § 5(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 Issuer and the Guarantor may amend the Terms and Conditions and the terms of the Guarantee with the consent of the Bondholders by a majority resolution pursuant to §§ 5 et seqq. of the SchVG, as amended from time to time. 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 § 13, 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

geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder der Garantin oder einem mit ihnen verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder der Garantin oder eines mit ihnen verbundenen Unternehmens gehalten werden.

- (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 %

only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Bonds are attributable to the Issuer or the Guarantor or any of their affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*) or are being held for the account of the Issuer or the Guarantor or any of their affiliates.

- (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

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

- (4) Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor dem Beginn des Abstimmungszeitraums unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung der Depotbank gemäß § 14(5)(i) in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.
- (5) Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 12(3)(b) nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt. Die Teilnahme an der zweiten Gläubigerversammlung und die Stimmrechtsausübung sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der zweiten Gläubigerversammlung unter der in der Einberufung angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung der Depotbank

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

- (4) The exercise of voting rights is subject to the registration of the Bondholders. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Bondholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(5)(i) hereof in text form and by submission of a blocking instruction by the Custodian stating that the relevant Bonds are not transferable from and including the day such registration has been sent until and including the day the voting period ends.
- (5) If it is ascertained that no quorum exists for the vote without meeting pursuant to § 12(3)(b), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the registration of the Bondholders. The registration must be received at the address stated in the convening notice no later than the third day preceding the second bondholders' meeting. Bondholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of the Custodian in accordance with § 14(5)(i) hereof in text form and by submission of a blocking instruction by the depositary bank stating that

gemäß § 14(5)(i) in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Versammlung (einschließlich) nicht übertragen werden können.

- (6) 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.
- (7) Bekanntmachungen betreffend diesen § 12 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 11.

§ 13 Ersetzung

- (1) Ersetzung.
- Die Emittentin und die Garantin sind jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger die Garantin oder eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), die direkt oder indirekt von der Garantin kontrolliert wird, 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; und
 - (ii) die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung

the relevant Bonds are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

- (6) 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.
- (7) Any notices concerning this § 12 will be made in accordance with § 5 et seq. of the SchVG and § 11.

§ 13 Substitution

- (1) Substitution.
- The Issuer and the Guarantor 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) which is directly or indirectly controlled 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; and
 - (ii) the New Issuer has obtained all authorisations and approvals necessary for the

der Verbindlichkeiten aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten hat und die Zuständige Aufsichtsbehörde der Ersetzung zugestimmt hat; und

- (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; und
- (iv) für den Fall, dass die Neue Emittentin nicht die Garantin ist, die Bestimmungen der Ziffer 2(e) 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 § 5(4) zu kündigen und zurückzuzahlen; und
- (vi) die Rückzahlungsbedingungen, die für die Ersetzung entsprechende Anwendung finden, zum Zeitpunkt der Ersetzung erfüllt sind.

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

(2) Bezugnahmen.

Im Fall einer Schuldnerersetzung gemäß § 13(1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin und jede Bezugnahme (mit Ausnahme der in § 14 enthaltenen Bezugnahmen) auf das

substitution and the fulfilment of the obligations arising under or in connection with the Bonds and the Competent Supervisory Authority has given its prior consent thereto; and

- (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; and
- (iv) in the event that the New Issuer is not the Guarantor, the provisions of Clause 2(e) 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 § 5(4); and
- (vi) the Conditions to Redemption, which shall apply mutatis mutandis to the substitution, are fulfilled at the time of the substitution.

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 § 13(1), any reference in these Terms and Conditions to the Issuer will be a reference to the New Issuer and any reference (other than the references contained in § 14) to the Grand Duchy of Luxembourg or Issuer's country of

Großherzogtum Luxemburg bzw. den Staat, in dem die Emittentin steuerlich ansässig ist, als eine solche auf den Staat, in welchem die Neue Emittentin steuerlich ansässig ist.

- (3) Bekanntmachung und Wirksamwerden der Ersetzung.

Die Ersetzung der Emittentin ist gemäß § 11 bekannt zu machen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Falle einer wiederholten Anwendung dieses § 13 jede frühere Neue Emittentin von ihren sämtlichen Verbindlichkeiten aus den Schuldverschreibungen frei.

§ 14 Schlussbestimmungen

- (1) Anzuwendendes Recht

Form und Inhalt der Schuldverschreibungen bestimmen sich nach dem Recht der Bundesrepublik Deutschland. Die Bestimmungen der §§ 86 bis 94-8 des Luxemburger Gesetzes vom 10. August 1915 bezüglich Handelsgesellschaften, in der jeweils gültigen Fassung, sind auf diese Schuldverschreibungen nicht anwendbar.

- (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.

domicile for tax purposes, respectively, will be a reference to the New Issuer's country of domicile for tax purposes.

- (3) Notice and Effectiveness of Substitution.

Notice of any substitution of the Issuer will be given by publication in accordance with § 11. Upon such publication, the substitution will become effective, and the Issuer and in the event of a repeated application of this § 13, any previous New Issuer will be discharged from any and all obligations under the Bonds.

§ 14 Final Provisions

- (1) Applicable Law

The Bonds are governed by, and construed in accordance with, the laws of the Federal Republic of Germany. 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) 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 irrevocably waive any objection which they 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) Erfüllungsort Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.	(3) Place of Performance Place of performance will be Frankfurt am Main, Federal Republic of Germany.
(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.	(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) 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 Festgelegten Nennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung 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.	(5) Enforcement of Rights Any Bondholder may in any proceedings against the Issuer or to which the Bondholder 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) 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.

§ 15
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.

§ 15
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.

SUBORDINATED GUARANTEE

Diese nachrangige 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 subordinated 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 fest- bis variabel verzinslichen
Schuldverschreibungen
mit vorgesehener Endfälligkeit 2043 und
Kündigungsrecht der Emittentin,
ISIN XS0856556807
(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 unwiderrufliche nachrangige Garantie für die ordnungsgemäße und pünktliche Zahlung aller nach Maßgabe der Anleihebedingungen von der Emittentin auf die Schuldverschreibungen fällig werdenden Beträge (die "**Garantie**"). Zahlungen im Zusammenhang mit dieser Nachrangigen Garantie erfolgen ausschließlich gemäß den Anleihebedingungen und vorbehaltlich Ziffer 2(f).
 - (b) Die Verbindlichkeiten der Garantin aus der Garantie begründen nicht besicherte

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
with scheduled maturity in 2043
ISIN XS0856556807
(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 irrevocably guarantees towards BNP Paribas Securities Services, Luxembourg Branch (the "**Principal Paying Agent**") for the benefit of each Bondholder the irrevocable subordinated guarantee for the due and punctual payment of any amounts due to be paid by the Issuer in respect of the Bonds pursuant to the Terms and Conditions (the "**Guarantee**"). Payments under this Subordinated Guarantee are subject to (without limitation) the Terms and Conditions and subject to Clause 2(f).
 - (b) The obligations of the Guarantor under the Guarantee constitute unsecured obligations of

Verbindlichkeiten der Garantin, die

- (i) nachrangig gegenüber allen nicht nachrangigen Verbindlichkeiten der Garantin sind;
- (ii) nachrangig gegenüber allen nachrangigen 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 gegen mögliche Forderungen der Garantin gegen sie aufzurechnen. Die Garantin ist nicht berechtigt,

the Guarantor ranking

- (i) subordinated to all unsubordinated obligations of the Guarantor;
- (ii) subordinated to all subordinated obligations 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

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 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 vorbehaltlich Ziffer 2(f) 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 § 13 der Anleihebedingungen ersetzt hat (die "**Neue Emittentin**"), und unabhängig von sonstigen Gründen, aufgrund derer eine Zahlung durch die Emittentin oder die Neue Emittentin unterbleibt, 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) Nachdem die Solvency II Richtlinie Teil der Anwendbaren Aufsichtsrechtlichen Vorschriften geworden ist, werden sämtliche Zahlungen auf die Garantie nur fällig, sofern

- (i) eine entsprechende Zahlung auf die Garantie nicht zu einem Insolvenzereignis führen oder dessen Eintritt beschleunigen würde; und
- (ii) an oder vor dem Tag der Zahlung durch die Garantin auf die Garantie kein Solvenzkapitalereignis eingetreten ist und fort dauert oder durch die Zahlung auf die Garantie eintreten würde. Sofern ein Solvenzkapitalereignis eingetreten ist und fort dauert oder durch die

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 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, subject to Clause 2(f), 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 "**New Issuer**") pursuant to § 13 of the Terms and Conditions, or of any other grounds on the basis of which the Issuer or the New Issuer does not 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) Upon the Solvency II Directive becoming part of the Applicable Supervisory Regulations, any payment under the Guarantee will only be due and payable (*fällig*) if

- (i) a corresponding payment under the Guarantee would not result in, or accelerate, the occurrence of an Insolvency Event; and
- (ii) on or prior to the date of the payment by the Guarantor under the Guarantee no Solvency Capital Event has occurred and is continuing or would be caused by the payment under the Guarantee. If a Solvency Capital Event has occurred and is continuing or would be caused by

Zahlung auf die Garantie eintreten würde, wird die Zahlung auf die Garantie trotzdem fällig, wenn die Zuständige Aufsichtsbehörde ihre vorherige Zustimmung zu der Zahlung auf die Garantie erteilt und bis zu diesem Tag nicht widerrufen hat (sofern sie nach den Anwendbaren Aufsichtsrechtlichen Vorschriften berechtigt ist, ihre Zustimmung zu erteilen); und	the payment, the payment under the Guarantee will nevertheless be due and payable (<i>fällig</i>) if the Competent Supervisory Authority has given, and not withdrawn by such date, its prior consent to the payment under the Guarantee (to the extent it may give such prior consent in accordance with the Applicable Supervisory Regulations); and
(iii) die Zuständige Aufsichtsbehörde ihre Zustimmung zu der Zahlung auf die Garantie erteilt und bis zu diesem Tag nicht widerrufen hat (falls eine solche Zustimmung zum betreffenden Zeitpunkt für die Qualifikation der Schuldverschreibungen als Tier 2 Kapital der Garantin oder des Hannover Rück-Konzerns oder des Konzerns, dem die Garantin angehört, gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften jeweils erforderlich ist); und	(iii) the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the payment under the Guarantee (if under the Applicable Supervisory Regulations such consent is required at the time in order for the Bonds to qualify as Tier 2 Capital of the Guarantor or of the Hannover Re Group or the group of companies the Guarantor is a member of); and
(iv) keine Anordnung der Zuständigen Aufsichtsbehörde in Kraft ist, die der Garantin gemäß den Anwendbaren Aufsichtsrechtlichen Vorschriften untersagt, Zahlungen auf die Garantie zu leisten.	(iv) there is not in effect any order of the Competent Supervisory Authority prohibiting the Guarantor in accordance with the Applicable Supervisory Regulations from making payments under the Guarantee.
(g) Falls eine von der Emittentin an die Anleihegläubiger geleistete Zahlung 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.	(g) 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 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	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

	festgesetzt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. In einem solchen Falle wird die Garantin, vorbehaltlich der Ausnahmen gemäß § 7 der Anleihebedingungen, zusätzliche Beträge zahlen (die " Zusätzlichen Beträge "), so dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten.		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 otherwise provided for in § 7 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	(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

vertretungsberechtigten Person der Hauptzahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im eigenen Namen wahrnehmen und durchsetzen.

(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, 20. November 2012

Hannover Rückversicherung AG

Durch:

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

Luxemburg, 20. November 2012

BNP Paribas Securities Services, Luxembourg Branch

Durch:

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 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, 20 November 2012

Hannover Rückversicherung AG

By:

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

Luxembourg, 20 November 2012

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 € 12 billion in the financial year 2011, is one of the leading reinsurance groups in the world.

It transacts all lines of non-life and life and health reinsurance and is present on all continents.

The rating agencies most relevant to the insurance industry have awarded Hannover Re Group very strong insurer financial strength ratings (S&P AA- "Very Strong" and A.M. Best A+ "Superior").² A list of credit rating agencies registered under the CRA Regulation is available for viewing at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

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, telephone number +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 (*Satzung*), the "**Articles**" is to pursue activities in the reinsurance business. The Guarantor may also transact in other insurance business.

Copies of the Articles in German language are publicly available from the Commercial Register in Hannover.

The Guarantor is established for an unlimited period of time.

The annual general meeting of shareholders (*Jahreshauptversammlung*, the "**AGM**") of the Guarantor has approved on 3 May 2012 the resolution of the executive board (*Vorstand*) of the Guarantor (the "**Executive Board**") to transform the company into a European public limited company (*Societas Europaea*, SE). Upon transformation into an SE, the existing shareholders of the Guarantor will automatically become shareholders of Hannover Rück SE. The rights of shareholders as well as all rights and obligations of the Guarantor arising out of existing contracts remain unaffected.

The legal form of an SE enables the company to relocate its registered office within the European Union.

² The office issuing and elaborating the rating was a registered branch of Standard & Poor's Credit Market Services Europe Limited and AM Best Europe - Rating Services Ltd. each of which is, to the Issuer's and the Guarantor's belief, registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (see "List of registered and certified credit rating agencies" which can be accessed under www.esma.europa.eu).

It is envisaged that the transformation of the Guarantor into an SE will be completed by the beginning of 2013.

Announcements of the Guarantor are published electronically in German Federal Gazette (*Bundesanzeiger*).

Share Capital, Shares and Dividends

Share Capital

On 30 September 2012, the issued share capital of the Guarantor totals € 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.

Shares

The major shareholder Talanx AG currently holds 50.2 per cent. of the issued share capital of the Guarantor. The remaining 49.8 per cent. 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 AGM takes place at least once a year and passes resolutions with respect to the allocation and distribution of profits and the ratification of responsibilities of the Executive Board and the supervisory board (*Aufsichtsrat*) of the Guarantor (the "**Supervisory Board**"). The AGM shall take place within the first fourteen months after the conclusion 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. At the AGM each share shall have one vote.

The announcement of the annual general meeting must be published electronically in the Federal Gazette of Germany (*Bundesanzeiger*).

Dividends

Dividends are proposed by the Supervisory Board and Executive Board, and are approved at the AGM. If approved, dividends are paid once a year promptly following the AGM. Dividends may be declared and paid from the distributable 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 profit, the Executive Board and the Supervisory Board are authorised to allocate to other revenue reserves (*andere Gewinnrücklagen*) up to 50 per cent. of the net income (*Jahresüberschuss*) that remains after deduction of amounts to be allocated to the statutory reserves and losses carried forward. The AGM, 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 2009, 2010 and 2011 the Guarantor has paid the following dividends on fully paid up shares:

	Dividend
	€
2009	2.10
2010	2.30
2011	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 Bondholders under the Bonds.

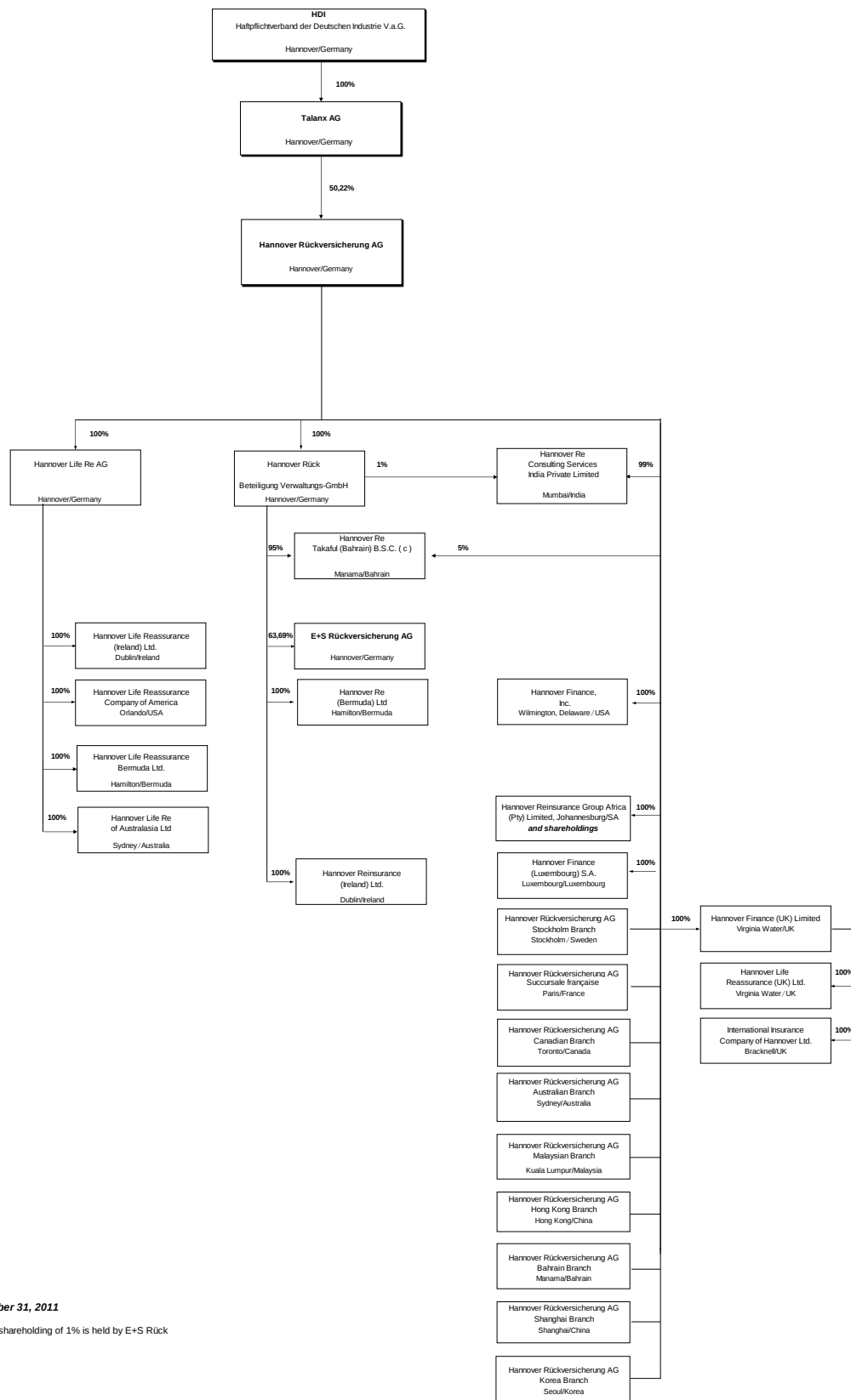
Organisational Structure

The Guarantor is the parent company of the Hannover Re Group. The consolidated financial statements for the financial year 2011 include 16 (in 2010: 15) German and 55 (in 2010: 57) foreign companies. Three (in 2010: three) German and six (in 2010: seven) 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 2011, total assets of Hannover Re Group amounted to € 49.9 billion. As of 30 September 2012, Hannover Re Group globally employed a total of 2,293 employees, with 1,153 in Germany and 1,140 working for the consolidated Group companies outside of Germany. As of 31 December 2011, Hannover Re Group globally employed a total of 2,217 employees, consisting of 1,110 in Germany, 279 in the US, 177 in South Africa, 208 in the UK and Ireland and 443 in other countries.

The following chart gives an overview of the operating subsidiaries of Hannover Re Group as at 31 December 2011 (please see also next page):

Hannover Re Group



As of December 31, 2011

* remaining shareholding of 1% is held by E+S Rück

As at 31 December 2011, the major operating subsidiaries of the Guarantor were:

E+S Rückversicherung AG, Hannover/Germany ("E+S Rück")

E+S Rück is a 63.69 per cent. owned subsidiary of the Guarantor. The majority of the remaining shares are held by eight German mutual insurance companies. Within the Hannover Re Group, E+S Rück 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

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 ("**HR Bermuda**")*

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 one of the most active reinsurance environment.

*Hannover Life Reassurance (Ireland) Ltd ("**HLR Ir**")*

HLR Ir, established in 1999, acted in the past as the Irish-based life reassurer of the Hannover Re Group. The Company's business largely focuses on two key areas. Conventional Reinsurance including individual term life business with a regional focus on the United Kingdom and the United States. The Financial Solution business includes deficit account financing and block assumption transactions mainly in the US market. In June 2011 the Guarantor decided to merge its two Irish subsidiaries to form a single composite reinsurer, Hannover Re (Ireland) Plc.

*Hannover Reinsurance (Ireland) Ltd ("**HR Ir**")*

HR Ir had been established in 1992. As part of the business centre Non-Life it focused since 2008 specifically on the North American and British Isles markets. Structured treaty reinsurance transactions enable the coverage to be tailored to the individual needs of the clients. The major lines of business are general and automobile liability, professional indemnity, workers compensation and property.

In June 2011 the Guarantor decided to merge its two Irish subsidiaries to form a single composite reinsurer, Hannover Re (Ireland) Plc.

*Hannover Re (Ireland) Public Limited Company, Dublin ("**HRI**") – effective 3. September 2012*

Effective 3 September 2012 all assets and liabilities of HR Ir have been transferred to HLR Ir and HR Ir was dissolved without going into liquidation. Upon the merger HLR Ir has been renamed as HRI. HRI does not intend to become publicly listed, the conversion into a Public Limited Company was legal precondition allowing the companies to apply for the merger.

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 Bermuda Ltd., Hamilton/Bermuda

Hannover ReTakaful B.S.C. (c), Manama/Bahrain

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

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 has a strategic-growth target in non-life reinsurance of 3-5 per cent. over the cycle and is also 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.

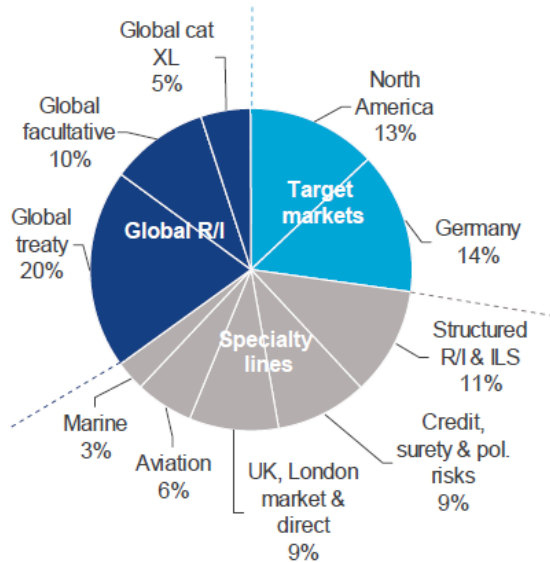
Hannover Re Group considers Germany and North America to be target markets. As at 31 December 2011 they accounted for around 30 per cent. of Hannover Re Group's gross premium volume in non-life reinsurance. Germany is the second-largest non-life reinsurance market in the world (source: Swiss Re Sigma Study No. 3/2012 Assekuranz Global 2011, page 44). The German market is served by the 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 (source: Swiss Re Sigma Study No. 3/2012 Assekuranz Global 2011 page 44) 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.

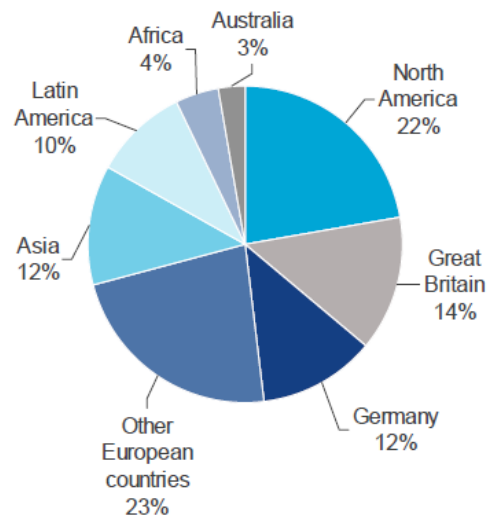
Hannover Re Group combines all markets worldwide under global reinsurance, with the exception of the target markets of Germany and North America and the specialty lines. This segment also encompasses a number of specialised areas such as worldwide catastrophe business, facultative reinsurance, agricultural 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 2011:

Divisions



Regional split



2011 gross written premium: EUR 6,826 m.
(2010: EUR 6,339 m.)

Life and health reinsurance

Life and health reinsurance is a strategic growth segment for Hannover Re Group.

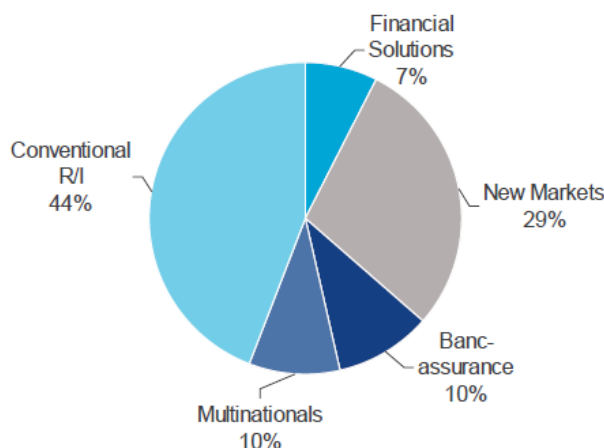
In this business group Hannover Re Group structures its customer relationships as long-term partnerships with the goal of designing needs-oriented solutions to its clients' individual problems.

Life reinsurance is transacted on the basis of a five-pillar model which takes account of distinct customer-oriented products and services:

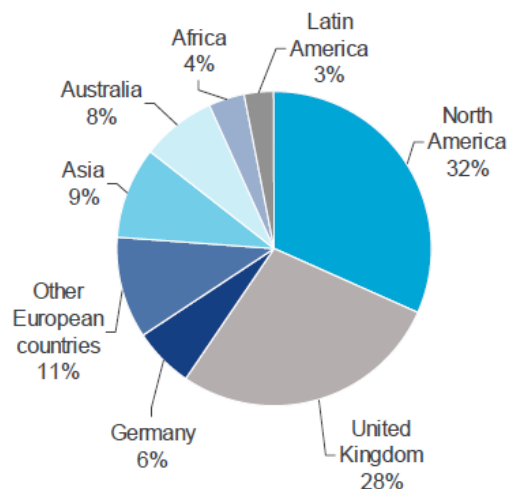
- Financial solutions: financing transactions/block assumption transactions
- New markets: inventing and pioneering new markets, e.g. enhanced annuities, products for senior citizens and takaful
- Bancassurance: Emphasis on Southern Europe, Germany, Scandinavia, selected Asian markets
- Multinationals: Preferred partner of major international groups
- Conventional reinsurance: Selected markets and customer segments

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 2011:

5 strategic pillars



Regional split



2011 Gross written premium: EUR 5,270 m.
(2010: EUR 5,090 m.)

Business development overview

For the international reinsurance industry the most striking feature of the 2011 financial year was an exceptionally heavy burden of losses from natural disasters. In the case of Hannover Re Group, the resulting major loss expenditure of € 980.7 million for net account was the second-highest in the company's history.

Gross written premium in total business 2011 increased by 5.8 per cent. to € 12.1 billion (2010: € 11.4 billion). At constant exchange rates – especially against the US dollar – growth would have come in at 7.5 per cent. The level of retained premium climbed slightly to 91.2 per cent. (2010: 90.1 per cent.). Net premium earned rose 7.0 per cent. to € 10.8 billion (2010: € 10.0 billion).

The operating profit (EBIT)³ of € 841.4 million as at 31 December 2011 fell short of the previous year's figure (2010: € 1.2 billion). Group net income amounted to € 606.0 million (2010: € 748.9 million). Earnings per share stood at € 5.02 (2010: € 6.21).

Shareholders' equity increased by 10.2 per cent. relative to the level as at 31 December 2010 to reach € 5.0 billion (2010: € 4.5 billion). The total policyholders' surplus (including non-controlling interests and hybrid capital) grew by 5.0 per cent. to € 7.3 billion (2010: € 7.0 billion).

Non-life reinsurance

Hannover Re Group's selective growth derived in particular from the business in the specialty lines and in emerging markets; it was, however, also supported by improved reinsurance conditions.

Gross written premium in the non-life reinsurance business group increased by 7.7 per cent. to € 6.8 billion (2010: € 6.3 billion). At constant exchange rates growth would have come in at 9.4 per

³ Earnings before interests on hybrid capital and taxes.

cent. The level of retained premium rose to 91.3 per cent. (88.9 per cent.). Net premium earned climbed 10.5 per cent. to € 6.0 billion (2010: € 5.4 billion).

In terms of major losses, the 2011 financial year was an extraordinary one: the total net burden of major losses for Hannover Re Group amounted to € 980.7 million (2010: € 661.9 million), a figure € 450.7 million higher than the expected level. The largest single loss event for the insurance industry – and also for Hannover Re Group – in the year under review was the devastating earthquake and subsequent tsunami in Japan resulting in a net strain of € 228.7 million, followed by flood damage in northern and central Thailand with a cost of € 195.7 million. The earthquake in Christchurch, New Zealand resulted in a loss of € 121.4 million of reinsurance for Hannover Re Group.

The combined ratio⁴ deteriorated to 104.3 per cent. (2010: 98.2 per cent.). The underwriting result⁵ fell to € -268.7 million (2010: € 82.4 million). The operating profit (EBIT) contracted to € 599.3 million (2010: € 879.6 million) on account of the major loss expenditure. The result was influenced by the refund of taxes and interest paid thereon in an amount of altogether € 128 million. Group net income in non-life reinsurance totalled € 455.6 million (2010: € 581.0 million). Earnings per share stood at € 3.78 (2010: € 4.82).

Life and health reinsurance

Even though the development of life and health reinsurance was less vigorous in 2011 than in prior years, a result of € 182.3 million was still achieved. Profitability was supported by opportune business conditions in the United Kingdom – especially in the area of longevity risks – as well as in Germany, Scandinavia, France and Asian markets. It was thus possible to largely offset negative effects from Modco which are Modified Coinsurance treaties and which reflect the performance of deposits held by US cedants on behalf of Hannover Re Group as well as adverse impacts in Australian disability business.

Gross written premium in life and health reinsurance increased by 3.5 per cent. in the year under review to € 5.3 billion (2010: € 5.1 billion). At constant exchange rates growth would have come in at 5.2 per cent. Net premium earned increased by 2.9 per cent. to € 4.8 billion (2010: € 4.7 billion).

The operating profit (EBIT)³ in the life and health reinsurance business group contracted to € 217.6 million (2010: € 284.4 million). The EBIT margin⁶ amounted to 4.5 per cent. Group net income in life and health reinsurance retreated from € 219.6 million to € 182.3 million. In the previous year the result had profited from exchange rate effects. Earnings per share stood at € 1.51 (2010: € 1.82).

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 Munich Re, Swiss Re, SCOR and several Lloyd's syndicates (source: A.M. Best, September 2012).

Investments

In the financial year 2011 the return on investment for assets under own management – at 3.9 per cent. – surpassed the target level of 3.5 per cent. Positive operating cash flows of € 2.5 billion and

⁴ Combined ratio (including interests from funds withheld) means sum of the loss ratio and expense ratio. The loss ratio contains the proportion of loss expenditure in the retention relative to the net premiums earned and the expense ratio consists of the administrative expenses in relation to the net premiums written.

⁵ Underwriting result means balance of income and expenses apportionable to the reinsurance business and shown in the technical income statement.

⁶ EBIT margin means EBIT in relation to net premium earned.

an advance in fair values increased the portfolio of assets under own management by 11.5 per cent. to € 28.3 billion (2010: € 25.4 billion). Including funds withheld by ceding companies, the total volume of assets grew to € 41.7 billion (2010: € 38.0 billion).

Because of the enlarged asset volume, ordinary investment income increased by 9.7 per cent. to € 966.2 million (2010: € 880.5 million). In addition, in the context of portfolio reallocations from government into corporate bonds Hannover Re Group realised profits that accounted for a significant portion of the total realised net gains. Inflows from the operating cash flow were invested primarily in corporate bonds, asset-backed securities and real estate. The balance of net realised gains and losses has risen by 10.8 per cent. to € 179.6 million (2010: € 162.0 million).

The unrealised losses recognised in the statement of income amounted to € 38.8 million (2010: € 39.9 million). The bulk of this amount (2010: € 55.4 million) derived from the performance of securities deposits held by US life insurers on behalf of Hannover Re Group. The inflation swaps taken out to hedge part of the inflation risks associated with the loss reserves in the technical account gave rise to unrealised gains of € 11.6 million, as against unrealised losses of € 31.2 million in the previous year.

Net investment income reached € 1,384.0 million (2010: € 1,258.9 million), also in part because no write-downs had to be taken on government bonds.

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.

Management

Executive Board

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

Name	Position	Principal Outside Activity
Ulrich Wallin	Chairman; Business Opportunity Management; Controlling; Corporate Communications; Corporate Development; Human Resources Management; Internal Auditing; Risk Management; Compliance	None

Name	Position	Principal Outside Activity
André Arrago	Global Reinsurance (Catastrophe Business, Facultative Business, Non-Life Reinsurance)	Member of the board of directors of Sciemus Power MGA Ltd. Member of the supervisory board of Mutuelle des Transports Assurances (MTA) Member of the supervisory board of April Group Member of the supervisory board of Groupement Français de Caution
Claude Chèvre	Life and Health Reinsurance (Africa, Asia, Australia and New Zealand, Latin America, Western and Southern Europe)	None
Jürgen Gräber	Coordination of worldwide Non-Life Reinsurance; Quotations Non-Life Reinsurance; Retrocessions; Specialty Lines worldwide (Aviation and Space, Credit, Surety and Political Risk, Marine incl Offshore Energy; Structured Reinsurance Products incl. Insurance-Linked Securities, UK & Ireland and London Market, Direct Business)	None
Dr. Klaus Miller	Life and Health Reinsurance (Longevity Solutions, North America, Northern, Eastern and Central Europe, United Kingdom and Ireland)	None
Dr. Michael Pickel	Group Legal Services; Run-Off Solutions; Target Markets in Non-Life Reinsurance (Germany, Austria, Italy, Switzerland, North America)	None
Roland Vogel	Asset Management; Facility Management; Finance and Accounting; Information Technology;	None

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, 30625 Hannover, Germany.

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 V.a.G. Chairman of the supervisory board E+S Rückversicherung AG, Hannover
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.
Frauke Heitmüller	Member	None
Ass. jur. Otto Müller	Member	Member of the supervisory board of Talanx AG
Dr. Andrea Pollak	Member	Management Consultant
Gert Waechtler	Member (staff representative)	None
Dr. Klaus Sturany	Deputy Chairman	Former Member of the executive board of RWE AG
Dr. Erhard Schipporeit	Member	Former member of the board of management of E.ON AG Member of the supervisory board of Talanx AG

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 per cent. of the issued shares. As at 31 December 2011, the total holding amounted to 0.051 per cent. of the issued shares, i.e. 62,480 shares. As at 31 December 2011 active members of the Executive Board had at their disposal a total of 722,090 granted, but not yet exercised stock appreciation rights out of the existing virtual stock option plan. The fair value of these stock appreciation rights amounted € 4.9 million. In addition, a total number of 22,232 virtual Share Awards which are phantom stocks with a

value of € 42.09 per share were granted to the Executive Board members according to the latest remuneration plan in force.

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, 30159 Hannover Germany ("**KPMG AG**"). KPMG AG is a member of the German Chamber of Auditors (*Wirtschaftsprüferkammer*). The financial statements of the Guarantor as at 31 December 2010 as well as 31 December 2011 and the consolidated financial statements of the Hannover Re Group as at 31 December 2010 as well as 31 December 2011 were audited by KPMG AG and KPMG AG have in each case issued an unqualified auditors' opinion.

Recent Developments since 30 September 2012

In late October 2012 a tropical cyclone named Hurricane Sandy devastated portions of the Caribbean, Mid-Atlantic and Northeastern United States. Hannover Re anticipates an appreciable major loss as a consequence of Hurricane Sandy.

Significant Changes

There has been no significant change in the financial or trading position of the Guarantor since 30 September 2012, other than described under "Recent Developments".

Trend Information

There has been no material adverse change in the prospects of the Guarantor since 31 December 2011.

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, Grand Duchy of Luxembourg, telephone number +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, 7 December 2006 and 15 March 2011. Changes have been published in the Mémorial C number 889, 1391, 172, and 1224 on 29 August 2003, 15 December 2005, 13 February 2007 and 7 June 2011; 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*, the "**Board of Directors**") consisting of three directors. The Issuer has one employee. The Board of Directors consists of:

Roland Vogel (Chairman)

Bruno Vanderschelden (Executive Director)

Olaf Brock (Member)

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

In addition to being the chairman of the Issuer, Olaf Brock is also member of certain other companies within the Hannover Re Group.

Bruno Vanderschelden is Chairman of the Board of Leine Investment General Partner Sàrl, General Partner of Leine Investment SICAV SIF. The Leine Investment General Partner Sàrl is a 100 per cent. subsidiary of the Guarantor. 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 (*Réviseur d'Entreprises agréé*) is KPMG Luxembourg S.à r.l., previously KPMG Audit S.à r.l., ("**KPMG Luxembourg**"), having its registered office at 9, allée Scheffer, L-2520 Luxembourg. KPMG Luxembourg is a member of the Institut des *Réviseurs d'Entreprises*. The financial statements of the Issuer as of 31 December 2010 as well as 31 December 2011 were audited by KPMG Luxembourg and KPMG Luxembourg 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 30 June 2012.

In addition, there has been no material adverse change in the prospects of the Issuer since 31 December 2011.

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 the Federal Republic of Germany

The following general overview does not consider all aspects of income taxation in the Federal Republic of Germany ("**Germany**") that may be relevant to a holder of the Bonds in the light of the holder's particular circumstances and income tax situation. This general overview is based on German tax laws and regulations, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

German tax residents holding Bonds as private assets

Taxation of income from the Bonds

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 generally taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax (*Kirchensteuer*)).

The same applies to capital gains from the sale or redemption of the Bonds. 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 and factually related (*unmittelbarer sachlicher Zusammenhang*) to the sale or redemption are taken into account in computing the taxable capital gain. Otherwise the deduction of related expenses for tax purposes is not permitted.

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 (e.g., in case there is no Domestic Paying Agent, as defined below) the investor will have to include the income received with respect to the Bonds in its annual income tax return. 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 available losses carried forward or foreign tax credits). If the investor's individual income tax rate which is applicable on all taxable income including the investment income is lower than 25 per cent. the investor may opt to be taxed at individual progressive rates with respect to its investment income.

Capital losses from the Bonds held as private assets are tax-recognised 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. Losses not utilised in one annual assessment period may be carried forward into subsequent assessment periods but may not be carried back into preceding assessment periods.

Individual investors are entitled to a saver's lump sum tax allowance (*Sparer-Pauschbetrag*) for investment income of € 801 per year (€ 1,602 for married couples filing their tax return jointly assessed husband and wife). The saver's lump sum tax allowance is also taken into account for purposes of withholding tax (see succeeding paragraph – *Withholding tax*) if the investor has filed a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Paying Agent (as defined below). The deduction of related expenses for tax purposes is not permitted.

Withholding tax

If the Bonds are kept or administered in a domestic securities deposit account by a German credit institution (*bank*) or financial services institution (*Finanzdienstleistungsinstitut*) (or with a German branch of a foreign credit or financial services institution), or by a German securities trading company (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (altogether a "**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.

Capital gains from the sale (including the redemption) of the Bonds are also subject to the 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, if the Bonds are kept or administered by a Domestic Paying Agent effecting the sale or redemption from the time of their acquisition. If the Bonds were sold or redeemed after being transferred to a securities deposit account with another Domestic Paying Agent, 25 per cent. withholding tax (plus solidarity surcharge thereon) would 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 depository bank was able and allowed to prove evidence for the investor's actual acquisition costs to the current Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

German resident investors holding the Bonds as business assets

Taxation of income from the Bonds

If the Bonds are held as business assets (*Betriebsvermögen*) by an individual or corporate investor which is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income and capital gains from the Bonds are subject to personal income tax at individual progressive rates or corporate income tax (plus a 5.5 per cent. solidarity surcharge thereon and church tax, if applicable) and, in general, trade tax. The effective trade tax rate depends on the applicable trade tax factor (*Gewerbesteuer-Hebesatz*) 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. Losses from the disposal or redemption of the Bonds will generally be tax-recognised and may generally be offset by income subject to certain limitations.

Withholding tax

If the Bonds are kept or administered by a 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 generally 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.

No withholding is generally required on capital gains from the disposal or redemption of the Bonds which is derived by German resident corporate investors and, upon application, by individual investors holding the Bonds as business assets, subject to certain requirements.

Any losses incurred from the disposal or redemption of the Bonds will not be taken into account for withholding tax purposes. The withholding tax does not satisfy the investor's personal or corporate income tax liability with respect to the Bonds. The income from the Bonds 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.

Non-German tax resident Bondholders

Income derived from the Bonds by investors who are not tax resident in Germany is in general not subject to 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 (such as income from the letting and leasing of certain property located in Germany) or (iii) the income is paid by a Domestic Paying Agent against presentation of the Bonds or interest coupons (so-called over-the-counter transaction, *Tafelgeschäfte*).

If the income derived from the Bonds is subject to German taxation according to (i) or (ii) above, the income is subject to German income taxation and withholding tax similar to that described above for German tax residents. 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 may be subject to German gift or inheritance tax, respectively, if *inter alia*

- (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*), has 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 assets attributable to a permanent establishment or a permanent representative in Germany.

Special regulations may apply to certain German expatriates.

Prospective Bondholders 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 to other entrepreneurs which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

EU Savings Tax Directive

On 3 June 2003 the European Union Council adopted the directive 2003/48/EC regarding the taxation of savings income (the "Savings Directive"). The Savings Directive is effective as from 1 July 2005. Under the Savings Directive 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 an individual resident in that other Member State. Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent. However, Belgium has elected to switch to the exchange of information system with effect from 1 January 2010. The transitional period has commenced on 1 July 2005 and terminates at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Similar provisions may apply under agreements entered into pursuant to the Savings Directive in respect of interest payments made by persons within the jurisdiction of certain territories, not being Member States to individuals resident in Member States, and, in some cases, vice versa.

On 13 November 2008, the European Commission published a proposal for amendments to the Savings Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament expressed its opinion on the proposal on 24 April 2009, and the European Economic and Social Committee did the same on 13 May 2009.

A second review of the Savings Directive was published on 2 March 2012. The main findings of the review, including the widespread use of offshore jurisdictions for intermediary entities and the growth in key markets that provide products comparable to debt claims, reinforce the case to not only extend the scope of the Savings Directive, but also of relevant agreements.

Prospective Bondholders who are in any doubt as to their position should consult their own tax advisors.

Taxation in the Grand Duchy of Luxembourg Residence

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Bondholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well. 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 (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 and which are not and have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC as replaced by the European Council Directive 2009/65/EC 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;
- (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 as replaced by the European Council Directive 2009/65/EC 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 realise 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 or a permanent representative 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 17 December 2010 on undertakings for collective instrument; (ii) the law of 13 February 2007 on specialised investment funds, as amended; (iii) the law of 22 March 2004 on securitization, as amended; (iv) the law of 15 June 2004 on the investment company in risk capital, as amended; or (v) the law of 11 May 2007 on family estate management companies, as amended; or
- (b) such Bond is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative 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 the 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 15 November 2012 (the "**Subscription Agreement**") among the Issuer, the Guarantor and Commerzbank Aktiengesellschaft, J.P. Morgan Securities plc, Société Générale and UniCredit Bank AG (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 20 November 2012. 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 and the Guarantor have 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 the Bonds are subject to U.S. tax law requirements. Subject to certain exceptions, the Bonds and the Guarantee may not be offered, sold or delivered within the United States or its possessions or to U.S. persons. Each Joint Lead Manager has represented and agreed that except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver any Bonds and the Guarantee within the United States or to U.S. persons in accordance with Rule 903 of Regulations under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds or the Guarantee within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom of Great Britain and Northern Ireland

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) in relation to any Bonds which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer,
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer, and
- (c) 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 of the Issuer on 22 October 2012. The giving of the Guarantee has been authorised by a resolution of the Executive Board on 7 November 2012 and of the Supervisory Board on 8 August 2012 each of the Guarantor.
2. **Use of Proceeds/Expenses of the Issue:** The net proceeds of the issuance of the Bonds, amounting to approximately € 497,890,000, 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 € 10,000.
3. **Litigation:** 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: XS0856556807

Common Code: 085655680

German Securities Code (WKN): A1HCPB

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 2011 (the "**2011 Fiscal Year**"), (ii) the audited Annual Report of the Hannover Re Group for the fiscal year ended 31 December 2010 (the "**2010 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 nine month-period ended 30 September 2012 ("**Q3/2012**"), (iv) the Annual Report of the Issuer for the 2011 Fiscal Year, (v) the Annual Report of the Issuer for the 2010 Fiscal Year and (vi) the unaudited Interim Report of the Issuer for the half-year ended 30 June 2012 ("**Q2/2012**").

- (1) Extracted from: Hannover Re Group – Audited Annual Report 2011
- Consolidated balance sheet as at 31 December 2011..... pages 114-115
 - Consolidated statement of income for the 2011 Fiscal Year page 116
 - Consolidated statement of comprehensive income for the 2011 Fiscal Year page 117
 - Consolidated statement of changes in shareholders' equity for the 2011 Fiscal Year page 118
 - Consolidated cash flow statement for the 2011 Fiscal Year pages 119-121
 - Notes to the consolidated financial statements pages 126-203
 - Auditor's report⁷ page 204
- (2) Extracted from: Hannover Re Group – Audited Annual Report 2010
- Consolidated balance sheet as at 31 December 2010 pages 100-101
 - Consolidated statement of income for the 2010 Fiscal Year page 102
 - Consolidated statement of comprehensive income for the 2010 Fiscal Year page 103
 - Consolidated statement of changes in shareholders' equity for the 2010 Fiscal Year page 104
 - Consolidated cash flow statement for the 2010 Fiscal Year pages 105-107
 - Notes to the consolidated financial statements pages 112-185
 - Auditor's report⁷ page 186
- (3) Extracted from: Hannover Re Group – Unaudited Interim Report 3/2012
- Consolidated balance sheet as at 30 September 2012 (unaudited) pages 18-19
 - Consolidated statement of income for Q3/2012 (unaudited)..... page 20
 - Consolidated statement of comprehensive income for Q3/2012 (unaudited)..... page 21
 - Consolidated statement of changes in shareholders' equity for Q3/2012 (unaudited)..... page 22
 - Consolidated cash flow statement for Q3/2012 (unaudited) pages 23-25
 - Notes to the consolidated interim financial statements pages 30-50
- (4) Extracted from: the Issuer – English translation of the Audited Annual Report 2011
- Balance sheet as at 31 December 2011 page 6
 - Statement of income for the 2011 Fiscal Year page 7

⁷ 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.

- Notes to the financial statements pages 8-11
 - Auditor's report⁸ pages 4-5
- (5) Extracted from: the Issuer – English translation of the Audited Annual Report 2010
- Balance sheet as at 31 December 2010 page 5
 - Statement of income for the 2010 Fiscal Year page 6
 - Notes to the financial statements pages 7-10
 - Auditor's report⁸ pages 3-4
- (6) Extracted from: the Issuer – English translation of the Unaudited Interim Report H1/2012⁹
- Balance sheet as at 30 June 2012
(unaudited) pages 3-4
 - Statement of income for H1/2012 (unaudited) page 5
 - Notes to the unconsolidated interim financial statements pages 6-10

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).

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 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 5.031 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.

⁸ The Report of the *Réviseur d'Entreprises agréé* solely refers to the German language version of the financial statements as a whole and not solely to the extracts incorporated by reference into this Prospectus, while the English translation is provided for convenience only.

⁹ The presented half-year financial statements (as per 30 June 2012) have neither been audited nor reviewed by independent auditors.

10. **Expected rating of the Bonds:** The expected rating of the Bonds is "A" from S&P and "a+" from A.M.Best.¹⁰

S&P 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.

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.

11. **Rating of the Guarantor:** S&P has assigned a counterparty credit rating of "AA-" ("Very strong", stable outlook), while the credit rating assigned by A.M. Best is "aa-" ("Superior", stable outlook).¹⁰

S&P defines "AA-" as follows:

An obligor rated "AA-" has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree

A.M. Best defines "aa-" as follows:

Superior. Assigned to insurance companies that have, in [A.M. Best's] opinion, a superior ability to meet their ongoing senior financial obligations.

¹⁰ 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.

Issuer

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Grand Duchy of Luxembourg

Guarantor

Hannover Rückversicherung AG

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30625 Hannover
Federal Republic of Germany

Principal Paying Agent

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald – Hesperange
2085 Luxembourg
Grand Duchy of Luxembourg

Joint Lead Managers

Commerzbank Aktiengesellschaft

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60311 Frankfurt am Main
Federal Republic of Germany

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France

J.P. Morgan Securities plc

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London E14 5SP
United Kingdom

UniCredit Bank AG

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81925 Munich
Federal Republic of Germany

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