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Talanx Aktiengesellschaft

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

€750,000,000 3.125% Fixed Rate Notes due 2023

ISIN DE000TLX2003, Common Code 088941705, WKN TLX200

Issue price: 99.958 per cent.

Talanx Aktiengesellschaft (the "**Issuer**") will issue on or about 13 February 2013 (the "**Issue Date**") €750,000,000 3.125% Fixed Rate Notes due 2023 in the principal amount of €100,000 each (the "**Notes**").

The Notes will be governed by the laws of the Federal Republic of Germany ("**Germany**").

The Notes will bear interest from and including 13 February 2013 (the "**Interest Commencement Date**") to but excluding 13 February 2023 (the "**Final Maturity Date**") on their aggregate principal amount at a rate of 3.125% per annum, payable annually in arrear on 13 February of each year, commencing on 13 February 2014. The Notes will cease to bear interest from the beginning of the day their principal amount is due for repayment.

The Notes will be redeemed at their principal amount on the Final Maturity Date.

The Notes may be subject to early redemption for tax reasons as described in § 4(2) of the Terms and Conditions of the Notes (the "**Terms and Conditions**").

The Notes to the bearer will initially be represented by a Temporary Global Note, without interest coupons, which will be deposited with Clearstream Banking AG, Frankfurt am Main on or about the Issue Date of the Notes. The Temporary Global Note will be exchangeable for a Permanent Global Note, without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership.

This prospectus in respect of the Notes (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, CSSF gives no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and the Notes are subject to special U.S. tax law requirements where held by U.S. persons (TEFRA D rules). Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Application has also been made to the Luxembourg Stock Exchange for the Notes 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. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

Joint Lead Managers

Deutsche Bank

J.P. Morgan

The Royal Bank of Scotland

RESPONSIBILITY STATEMENT

The Issuer 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 does not omit anything likely to affect the importance of such information.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer and its consolidated subsidiaries taken as a whole (the "**Talanx Group**" or the "**Group**") and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and of the Notes 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 and the Talanx Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Talanx Group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Talanx Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer 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 or Deutsche Bank AG, London Branch, J.P. Morgan Securities plc and The Royal Bank of Scotland plc (together, the "**Joint Lead Managers**" or the "**Managers**").

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 Issuer and the Talanx 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 Talanx 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 Talanx Group, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation to update such forward-looking statements and to adapt them to future events or developments.

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

This Prospectus reflects the status as of its date of issue. The offering, sale and delivery of the Notes 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 since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither the Managers nor any of their respective affiliates accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any other document incorporated by reference.

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 Notes 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 Notes– Selling Restrictions*". In particular, the Notes have not been and will not be registered under the United States Securities Act, as amended, and are subject to United States tax law requirements. Subject to certain exceptions, Notes 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 Notes 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 NOTES, **DEUTSCHE BANK AG, LONDON BRANCH** (THE "**STABILISING MANAGER**") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES 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 NOTES 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 NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. Potential investors should carefully read and consider these risk factors before deciding upon the purchase of the Notes.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes, respectively, for other reasons than those described below, and the Issuer does 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.

Potential investors should consider all information provided in the Prospectus and consult their own experts. In addition, the investors should bear in mind that several of the mentioned risks may occur simultaneously and that their implication can, possibly together with other circumstances, thus be intensified. The order in which the risks are described does neither represent a conclusion about their probability of occurrence nor the gravity or significance of the individual risks. The following information is not exhaustive. Further risks which have not been visible yet may also affect the business activities of the Talanx Group and the ability of the Issuer to fulfil its obligations arising from the Notes. Due to the occurrence of each individual risk described in the following, investors could lose their invested capital in whole or in part.

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

Risks relating to the Issuer and to the Talanx Group

Set out below are risks associated with the Issuer and the Talanx 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 Notes, including:

BUSINESS AND COMPANY RELATED RISKS

The Talanx Group is exposed to significant counterparty risks.

The Talanx Group has monetary and securities claims under transactions against ceding companies, policyholders, reinsurers, retrocessionaires, insurance brokers, financial institutions and other debtors. In all these cases, the Talanx Group is exposed to a significant counterparty risk, i.e., the risk that the debtor is in financial difficulties and cannot repay due and payable claims. An 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 Talanx Group and could negatively affect the equity of the Talanx Group. The risks are especially high in relation to reinsurers and retrocessionaires, because these debtors provide coverage for significant amounts of insurance risks. If Talanx Group's internal guidelines for the concentration of counterparty risks of individual debtors (in particular reinsurers and retrocessionaires) and the permanent monitoring of their solvency are not adhered to or are not sufficient, there may be increased risks for the Talanx Group. In addition, systemic risks may materialise, i.e., the risk that, as a consequence of extraordinary burdens imposed on one or more market participants (e.g. in case large reinsurers suffer high losses from major incidents), the solvency of other market participants which are exposed to the counterparty risk of these parties is indirectly affected. In view of the uncertain development of the

capital markets and the general global economic development, the decline in real estate values and comparable influencing factors, the counterparty risks may increase in the future, as these factors may simultaneously affect the solvency of a multitude of market participants.

If any of the risks mentioned above materialises this could have a detrimental effect on the assets, financial position and net income of the Talanx Group.

If the actuarial valuations of the insured risks used as a basis for the calculation of the premiums prove to be incorrect, this may have considerable negative effects on the net assets, financial position and results of the Group.

By concluding insurance and reinsurance contracts, the Talanx Group knowingly underwrites risks. At the time these contracts are concluded, it is not yet certain whether or not and in which amount compensation will have to be paid. The price determination is therefore based on past experience and projected calculations for the future. The results of the Talanx Group materially depend on the extent to which the benefits payable in the insured event actually correspond to the assumptions used for the price determination. Typical risks in life insurance are associated, for example, with the fact that the policies grant long-term benefit guarantees. Biometric actuarial bases such as mortality, longevity and morbidity are established at the inception of a contract in order to calculate premiums and reserves. Over time, however, these assumptions may prove to be no longer accurate and may therefore necessitate additional expenditures.

The Talanx Group seeks to minimise the risk of incorrect assumptions by reviewing the calculation models on an ongoing basis and regularly comparing the claims expected with the most recent information available in the insurance industry. Nevertheless, deviations may occur if data material is interpreted incorrectly or external factors outside the sphere of influence of the Talanx Group change. A price determination, which is commensurate with the risk, is also complicated in the casualty and property business particularly due to the increasing complexity and long-term nature of the run-off. If the calculated premiums are insufficient to cover the claims arising upon occurrence of the insured event, this may have an adverse effect on the net assets, financial position and results of the Talanx Group.

The provisions for future liabilities from insurance claims may prove to be too low and lead to an additional need for provisions.

The amount of the necessary provisions for future liabilities from insurance claims is determined by the Talanx Group using actuarial methods and statistical models. Adjustments are continuously made, taking into account the relevant most recent market information available to the Group. Provisions are subject to change due to a number of variables which affect the ultimate cost of insurance claims, such as changes in the legal environment, results of litigation, changes in medical costs, costs of repairs and other factors. Therefore, it cannot be excluded that the provisions so established by the Talanx Group may prove to be too low if the calculations of future claims deviate from reality.

In the life insurance and health reinsurance lines, changes may arise with respect to certain external parameters. For instance, the increase in the general life expectancy, a higher morbidity or changes of other biometric actuarial bases may lead to a higher need for provisions. In the property/casualty business, there is the risk that the provisions are insufficient to fully compensate damage which is yet unknown. In the past, miscalculations occurred in particular in respect of claims brought in connection with asbestos and claims arising from the attacks on the World Trade Center on 11 September 2001.

If, on the basis of the actual future development or as a consequence of the inaccurate selection or application of methods to calculate the constituted provisions, the Talanx Group were to be

compelled to increase the provisions or if the liabilities of the Talanx 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 Talanx Group.

In the sale of insurance products, the Talanx Group relies heavily on its network of insurance intermediaries.

Risks may arise due to the dependency on distribution channels and/or individual intermediaries. A significant part of the Talanx Group's products is distributed through a network of external intermediaries. A sufficient number of qualified and productive sales partners is considered a prerequisite for realising the planned new business targets. If the Talanx Group fails to attract or maintain a sufficient number of sales partners, this may negatively affect its business. This applies in particular to the Talanx Group's bancassurance activities, i.e. the distribution through banks. Here, the Talanx Group entered into long-term distribution agreements (some of them on an exclusive basis) with distribution partners (e.g. Deutsche Postbank AG, TARGOBANK AG & Co. KGaA and certain saving banks), whereas the offered products are targeted to the customers of these distribution partners and are integrated in their customer advice services and marketing processes. If the Talanx Group is not in a position to maintain and/or expand these cooperation, this may negatively affect the business volume, as could the acquisition of Talanx Group's distribution partners by a third party who does not intend to maintain the same level of cooperation with Talanx Group.

In addition, investments in these cooperations (e.g. marketing) may not be profitable and earnings may decline.

In this context, the growing concentration of the intermediaries presents an increased risk. In the past, this concentration trend was reinforced in particular by the Directive 2002/92/EC of the European Union on insurance mediation. On the one hand, the independence of the intermediaries could be reduced while, on the other hand, pools/associations could gain considerable market power.

Additional risks for the distribution may result from a change in the legal framework relating to insurance brokerage. It may not be excluded that the common business model for insurance brokerage in Germany will not remain permissible in its current form, where the broker receives a commission from the insurance company in relation to the conclusion of an insurance agreement which will then wholly or partially be taken into consideration when the insurance premium is calculated. In connection with the Act Reforming the Laws on Intermediaries for Financial Investments and on Investment Products published on 12 December 2011 the German government declared that it intends to assess the possibilities for a statutory proposal relating to fee-based advisory services. The German Ministry of Food, Agriculture and Consumer Protection defined some criteria, pursuant to which fee-based advisory and brokerage services, where the customer pays a fee to the broker, must be provided as an alternative to insurance brokerage which is solely based on the commission model. More details of this proposal are yet to be determined. It may not be excluded that such change in law may result in significant new challenges in the distribution of insurance products. Should the Talanx Group fail to adapt to such changes or adapt in a less efficient way than its competitors this may result in losses in the underwriting of new business and a drop in the market share.

If any of the distribution risks mentioned above materialises this may have adverse effects on the Talanx Group's net assets, financial position and results.

A downgrade of the credit rating of the Talanx Group companies by rating agencies may trigger significant consequences as regards the financing costs and customer relations as well as the sale of the Talanx Group's products.

The assessment of the financial strength and creditworthiness of the Talanx Group by rating agencies is of critical importance to the Talanx Group's competitiveness. In this context, a distinction is to be made between the Insurer Financial Strength Rating ("**IFSR**"), which relates to the financial stability of an insurance company regarding the service of its liabilities under insurance contracts, and the Counterparty Credit Rating ("**Counterparty Credit Rating**"), which assesses the overall financial strength of a company.

As of the date of this Prospectus, the IFSR assigned by Standard & Poor's Credit Market Services Europe Ltd., branch office Germany ("**S&P**") to Talanx Group's core primary insurance entities is "A+" (stable outlook) and the Counterparty Credit Rating assigned by Standard & Poor's to Talanx AG is "A-" (stable outlook).¹

The rating agencies are monitoring their ratings and valuation methods on a continuous basis and observe the financial strength of the Talanx Group. Therefore, a future downgrading by the rating agencies, whether due to changes in the net assets, financial position and results of the Talanx Group or on account of changes in the assessment of the insurance industry as a whole, cannot be precluded. Any downgrade of the rating can adversely affect the sale of the Talanx Group's products and impair its competitiveness on the markets. Also, the Talanx Group's ability to raise capital at the capital markets could be constrained in the event of a downgrade. In addition, future downgrades of the ratings may result in new debts or in accelerated maturity of already existing debts which depend on the maintenance of a certain rating.

Standard & Poor's confirmed the current rating of the primary insurance business in a report on 28 September 2012, but also indicated that it could consider a downgrade if the profitability of the primary insurance business does not develop as expected or if capitalisation deteriorates.

The Talanx Group relies on the proper and efficient functioning of its IT-systems, and a large-scale malfunction could result in disruptions.

The Talanx Group 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 Talanx 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 Talanx Group's business, this could have a detrimental effect on the assets, financial position and net income of the Talanx Group.

Measures aiming at cost reduction or at an increase in efficiency may wholly or partially fail.

All markets in which the Talanx Group operates are characterised by a high competitive pressure. Competing insurance and financial companies have in some cases cost advantages, e.g. deriving from their economics of scale or distribution strategy. In particular, in markets and market segments, in which market shares do normally not significantly change, costs are of high importance for the Talanx Group's profitability. In the Retail Germany division, the Talanx Group has some competitive disadvantages due to the complex corporate and distribution structure as well as different IT systems, in particular as a consequence of the integration of Gerling group, which was acquired by the Talanx Group in 2006. Therefore, the level of premiums, in particular in the causality insurance,

¹ The office issuing and elaborating the rating was a registered branch of Standard & Poor's Credit Market Services Europe Limited which is, to the Issuer'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 on ESMA's homepage under www.esma.europa.eu/page/List-registered-and-certified-CRAs).

is not in all cases sufficient to reach positive rates of return. In order to overcome these disadvantages and to achieve in the long term a competitive position, the Talanx Group has taken and will continue to take measures aiming at cost reduction or at an increase in efficiency. Currently, the Talanx Group has identified potential for efficiency enhancements in the Retail Germany division and, as part of project "WIR", commenced the set-up of centralised service units and combined distribution channels. The project shall be finalised by 2015. In addition, the Talanx Group commenced several projects regarding the unification and modernisation of the IT-systems in the primary insurance business. No assurance can be given, that these projects or other measures aiming at cost reduction or at an increase in efficiency will successfully be implemented and will achieve the intended results. Should material measures wholly or partially fail this could negatively affect the Talanx Group's net assets, financial position and results.

Operational risks may have a negative effect on the business operations of the Talanx Group.

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

Risks may evolve, inter alia, due to the fact that processes, for example in the IT, human resources, accounting and legal divisions, have been delegated to internal service providers. If such risks materialise, interruptions could occur in the operational work flow which may have an adverse impact on the earnings situation and possibly harm the Group's reputation.

Loss of a number of key clients may have negative effects on the financial situations of the Talanx Group.

Particularly in the reinsurance and industrial lines business division the Talanx Group cooperates with large customers who generate high premiums. However, at the moment the Talanx Group is not materially dependent on one single client. If, however, the Talanx 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 Talanx Group.

Poor performance of the asset management may result in a divergence of the values of the investment portfolio and the liabilities from the insurance business, as well as in a loss of existing or potential future customers.

The premium income of the Talanx Group is invested in different types of assets. Thereby, the Talanx Group pursues a conservative and internally defined investment policy, which focuses on liquid assets and issuer of high solvency. It may, however, not be excluded that performance fluctuations or wrong decisions in connection with the selection of assets and the related trading activities or other misconducts occur (including wilful breaches of mandatory law and investment guidelines of the Talanx Group). This could result in losses of the investment portfolio and in a divergence to the value of the liabilities from the insurance business. In addition, the Talanx Group may lose current or potential customers and its reputation may suffer. This is particularly true for the asset management business in which the Talanx Group competes with other financial services providers and where the current and prospective customers compare the performance of these competitors with that of the Talanx Group. If the performance of the Talanx Group's asset management lags behind its competitors, it could result in a loss of customers, a reduction in the managed assets and loss of market shares.

If any of the risks mentioned above materialises this could negatively affect the Talanx Group's net assets, financial position and results.

The Talanx Group's reinsurance business relies on the provision of correct and sufficient risk information by the relevant primary insurance company; incorrect information may cause unforeseen burdens on the reinsurance business.

The reinsurance division of the Talanx 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 the Talanx Group relies on the provision of correct and sufficient risk information by the respective ceding company. Should the Talanx Group, on the basis of incorrect or incomplete information, wrongfully assess the covered risks, this may result in additional expenses. Even if the Talanx Group would have recourse claims against the ceding company it cannot be assured that these claims are fully valuable and enforceable. This could negatively affect the Talanx Group's net assets, financial position and results.

The Talanx Group's risk management systems might not be able to cover sufficiently material risks.

The Talanx 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 (on a group level as well as on the level of the business divisions) 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.

In addition, the risk models used by the Talanx Group to quantify the risks are based on simplified assumptions, which do not match the reality in every respect. For example, the market price risk of the investment portfolio is measured on the basis of the value-at-risk model, which is based on historical data and empirical values (e.g. market volatility and risk correlations). It cannot be assured these data and assumptions correctly indicate in every respect the future market development and the risks arising thereof for the Talanx Group's business and investment portfolio.

The risk of potentially incorrect identification of the risks applicable to the Talanx Group may continue even if the planned changeover to new risk models currently developed by the Talanx Group occurs. These new risk models are developed considering the expected requirements to be imposed by EU Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance ("**Solvency II**"). Since 2008 the Talanx Group and the Hannover Re Group are in an ongoing review process with the German Financial Supervisory Authority ("**BaFin**") in this respect.

If the Talanx 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 negatively affect the Talanx Group's net assets, financial position and results.

The provisions for pensions established by the Talanx Group might prove insufficient, which may adversely affect the company's financial position and results.

The Talanx Group maintains a number of pension plans for its employees, which provide for the payment of retirement benefits and disability, widows' and orphans' benefits. After meeting certain qualifications, an employee is entitled to a vested right to future benefits. In most cases, the benefits payable are determined on the basis of an employee's length of service and salary. The Talanx Group made provisions for pensions. Such provisions are based on certain assumptions imposed by law, which include actuarial principles and make allowance for the length of service and estimated rate of compensation increase of pension beneficiaries. In case the actual amount of future pension obligations will be higher than provided for in the provisions this could detrimentally affect the assets, financial position and net income of the Talanx Group.

The Talanx Group might not be able to hire and retain a sufficient number of qualified staff.

The Talanx Group is to a great extent dependent on qualified executives and personal. The Talanx Group's success has depended and will continue to depend on recruiting and retaining qualified employees. In the event that the Talanx Group experiences high rates of employee turnover, it is also possible that the Talanx 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 Talanx Group cannot successfully implement key decisions, measures and developments, which would adversely affect the business operations of the Talanx Group.

The Talanx Group may be exposed to payment obligations resulting from past divestments.

In the last years the Talanx Group 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 HDI-Gerling Rechtsschutz AG and HDI-Gerling Rechtsschutz Schadenregulierungs-GmbH to Roland Beteiligungsverwaltung GmbH in 2011 and the sale of various other companies. Under the relevant sale and purchase agreements the Talanx 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 Talanx Group.

The Talanx Group is exposed to risks arising from acquisitions, joint ventures or investments. In particular, the integration of acquired companies could be unsuccessful.

The Talanx Group has acquired and may acquire other companies in the future or enter into joint ventures. A prerequisite for the acquisition of other companies, among other things, is the successful consolidation of administrative units and IT structures so that management capacities and know-how can be combined. If investments are made abroad, market conditions and the underlying legal, political and cultural conditions must be taken into account. In addition, there is the risk that the economic expectations on which the investment decision was based will not be met.

Furthermore, there is a risk in all investment decisions that the financial assumptions upon which an investment decision was based turn out to be incorrect, for example because the expected synergies cannot be realised; and where synergies are not realised, there is a risk the goodwill resulting from these acquisitions has to be written down. If goodwill has to be substantially written down, it could adversely affect the Group's financial condition and reduce its own capital.

If such risks materialise, this may have an adverse affect on the assets, financial position and net income of the Talanx Group.

The acquisitions of the Polish insurance groups Towarzystwo Ubezpieczeń Europa S.A. ("TU Europa") and Towarzystwo Ubezpieczeń i Reasekuracji Warta S.A. ("TUIR WARTA") carry legal and economic risks.

The Talanx Group has acquired majority shareholdings in the Polish insurance groups TU Europa and TUIR WARTA on June 1, 2012 and on July 1, 2012, respectively (closing dates). These acquisitions pose various risks for the Talanx Group, including the risk that the integration of either or both insurance groups into the Talanx Group fails or is only possible with delays or difficulties or that the anticipated economic benefits of the Talanx Group acquiring these groups do not materialise. The Talanx Group is also exposed to legal risks due to strict limitations on the respective seller's potential liability under the applicable purchase agreement. For example, the purchase agreement for the shares in TUIR WARTA limits the total damages stemming from a breach of any seller warranty to 20% of the final purchase price and does not provide for any warranty as to the adequacy of the reserves of TUIR WARTA.

The Talanx Group is also exposed to risks with regard to its Japanese strategic alliance partner, Meiji Yasuda Life Insurance Company ("**Meiji Yasuda Life**"), being a minority shareholder in the two transactions. In the transaction concerning TUIR WARTA, The Talanx Group has initially acquired 100% of the shares from KBC Verzekeringen NV ("**KBC**") and then sold 30% of these shares to Meiji Yasuda Life, which had held them in trust since the acquisition. As at the closing date (1 July 2012), on the basis of the agreements made, the Group has acquired only 70% of the shares in WARTA. The other 30% are reported as non-controlling interest. The signed agreements between KBC and the Talanx Group on the one hand, and the Talanx Group and Meiji Yasuda Life on the other hand, are not entirely consistent with each other. Therefore, a situation could arise where Meiji Yasuda Life has rights and remedies vis-à-vis the Talanx Group in respect of the shares which are more far-reaching than the corresponding rights and remedies of the Talanx Group vis-à-vis KBC.

In addition, the Talanx Group's liquidity and capitalisation could be impaired and the amount of goodwill recorded on the Company's consolidated balance sheet could increase due to the put and call option rights agreed between the Talanx Group and Meiji Yasuda Life. Because of statutory and contractual protection rights in favour of Meiji Yasuda Life, deadlocks can arise in the corporate decision-making process of the acquired companies. In the event that such deadlocks cannot be overcome through consensus, the contracts with Meiji Yasuda Life provide that Meiji Yasuda Life can exercise a put option on its minority interest or that the Talanx Group can exercise a call option for Meiji Yasuda Life's minority interest.

If any of the above risks materialise, this could have a material adverse effect on Talanx's business, results of operations and financial condition.

Meiji Yasuda Life could terminate the cooperation with the Talanx Group under the Strategic Alliance Agreement, which could materially and adversely affect Talanx Group's business, results of operations and financial condition.

The cooperation between the Talanx Group and Meiji Yasuda Life is founded on a Strategic Alliance Agreement dated November 4, 2010. The primary objective of this strategic alliance is to exploit joint business opportunities, including joint ventures between the Talanx Group and Meiji Yasuda Life, especially in the target regions of Central and Eastern Europe and Turkey. If Meiji Yasuda Life were to terminate this cooperation agreement, this could have a number of negative effects on the Talanx Group. For example, such a termination would trigger put option rights in relation to Meiji Yasuda Life's minority shareholdings in the recently acquired Polish insurance groups TU Europa and TUIR WARTA, which could result in additional burdens for the Talanx Group. In addition, the termination of the Strategic Alliance Agreement could reduce the Talanx Group's ability to achieve

future growth through acquisitions and damage the Talanx Group's reputation. Any of these factors could materially and adversely affect the Talanx Group's business, results of operations and financial condition.

The Talanx Group is exposed to economic, political and other risks in its international activities.

As an internationally operating insurance and reinsurance group, the Talanx Group is active in many countries. The importance of the business operations outside Germany has recently increased as a result of several acquisitions, in particular in Latin America as well as in Middle and Eastern Europe. The Talanx Group is subject to the economical, 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 negatively affect the Talanx Group's net assets, financial position and results.

Hannover Rückversicherung AG ("Hannover Re") is an independent listed company; 49.78% shares are held by outside shareholders. Therefore, the influence of Talanx AG on Hannover Re is limited. In addition, Talanx AG incurs running costs in connection with its shareholding in Hannover Re and there is a risk, that Talanx AG may lose the majority of the voting rights in Hannover Re.

The Reinsurance Division is operated by Hannover Re and its subsidiaries ("**Hannover Re Group**"). Hannover Re is a listed company; 49.78% are held by outside shareholders. The outside shareholders enjoy certain minority rights under German stock corporation law. Therefore, the possibilities of Talanx AG to influence the business policy of the Hannover Re Group are limited, irrespective of the fact that Mr. Ulrich Wallin, the chief executing officer of Hannover Re is at the same time member of the board of management of Talanx AG. In addition, the independent listing of Hannover Re causes significant costs, e.g. in connection with the ongoing financial reporting as well as the preparation, invitation and holding of general meetings. In addition, there is the risk that the shareholding of Talanx AG in Hannover Re may fall below 50% following capital measures of Hannover Re and thereby Talanx AG would lose the majority of the voting rights. Such situation may arise, for example, if Hannover Re conducts a capital increase and Talanx AG cannot participate therein due to a shortage of capital. Consequently, the Hannover Re Group would need to be deconsolidated from the Talanx Group's consolidated financial statements which would reduce or otherwise negatively affect the equity and several other financials of the Talanx Group.

If any of the risks mentioned above materialises this could negatively affect the Talanx Group's net assets, financial position and results.

MARKET AND COMPETITION RELATED RISKS

Uncertainties regarding the general economic development as a result of the global financial and economic crisis, in particular the ongoing sovereign debt crisis in Europe and the United States of America may have a negative impact on the business of the Talanx Group.

The Talanx Group has been and may continue to be affected by the development of the global economy in general and the global capital markets in particular, which in recent years were subject to considerable fluctuations. With respect to the German market this is especially true for the primary insurance line which generates by far most of its premium income on the German market and, therefore, depends on the development of the overall economy in Germany.

In 2008 and 2009 the global economy has experienced a significant downturn reflecting the effects of the financial crisis, slower economic activity, a generally negative economic outlook and a decrease in consumer and business confidence. The recent worldwide economy crisis has expanded to essentially all regions and all business sectors and could continue to deteriorate. The financial years 2010, 2011 and 2012 were characterised by signs of a global economic recovery but also a spreading sovereign debt crisis, especially in Europe and the United States of America. Whereas the economic growth in emerging markets (such as China, India and Brazil) as well as developed countries, e.g. Germany, was stable, growth in some countries on the Eurozone periphery, however, was curtailed by the spreading sovereign debt contagion, corresponding austerity measures and the fear of the Eurozone breaking apart. The discussion on a participation of the financial industry in the austerity measures as well as on a default and/or a haircut on sovereign debt may negatively affect the financial strengths of financial institutions which have risk exposures to such countries (e.g., to Greece) or to financial institution invested in such countries.

Uncertainties regarding the future economic development, in particular in respect of a prolongation or deterioration of the economic crisis, inflationary pressure and increasing prices for energy and raw materials might also lead to a drop in the demand for insurance coverage as consumers might postpone the conclusion of insurance contracts or terminate existing contracts. This could detrimentally affect the assets, financial position and net income of the Talanx Group.

If the market and competitive conditions prevailing on the primary insurance and the reinsurance markets deteriorate, there may be a decline in the business volume and returns of the Talanx Group.

The markets for insurance products are highly competitive. On these markets, the Talanx Group competes worldwide with many insurance and reinsurance companies as well as with banks and other financial service providers. The competitiveness of the Talanx Group in these markets is influenced by numerous factors. They include, inter alia, the Talanx 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. Changes in the legal, social or market environment may also affect the acceptance of existing product of the Talanx Group by customers. In addition, there is a risk that new products may not trigger sufficient demand or acceptance.

The Talanx Group constantly monitors changing customer requirements and the behavior of its competitors, and it adjusts its range of products and services accordingly. A loss in market share may trigger cost risks, in particular in the fixed costs sector. This means that the fixed costs, as opposed to the variable costs, cannot directly be reduced and thus not immediately be adjusted in the event of a slump in the new business.

Should the Talanx Group in the future be unable to respond appropriately to new developments, this could detrimentally affect the assets, financial position and net income of the Talanx Group.

The cyclical nature of the reinsurance business and certain segments of the primary insurance markets may lead to a volatility in the income of the Talanx Group that may negatively affect its business operations.

The insurance market is subject to cyclical fluctuations, in particular in the property/casualty business. Especially in the reinsurance division, in the past the companies of the Talanx Group had to cope with fluctuations in the operating results due to uncertain and unpredictable developments. The critical factors in this context, such as the competitive environment, the frequency and severity of catastrophes, newly discovered risks, the availability of reinsurance capacities, and the economic conditions are often beyond the control of the insurance companies. The cycles in the reinsurance

business are characterised, on the one hand, by periods of intense price competition when underwriting capacities are high and, on the other hand, by periods in which a low underwriting capacity allows for maintenance of favourable premium levels. The development of the business volume of the Talanx Group companies, in particular of the Hannover Re Group, is thus not linear. The cyclical nature of the reinsurance business may cause fluctuations in the premium income also in the future, and may thus negatively affect the Talanx Group's net assets, financial position and results.

The Talanx Group is exposed to significant market risks which may result in the loss of value of investments in the capital markets and a drop in the investment income.

The investments portfolio under the management of the Talanx Group mainly consists of bonds, listed equities and real estate, in each case either directly held by Group companies or through investment funds. The risks from such investments principally encompass the market risk, the default risk and the liquidity risk.

The market risk consists primarily of the risk of changes in the market prices of fixed-income assets and equities as well as the exchange rate risk associated with fluctuations in exchange rates if there is no matching cover. This may necessitate value adjustments or lead to the realisation of losses in the event of disposal of financial assets. A decline in the interest rate level can also lead to reduced investment income.

Interest-rate movements pose a significant risk for the Talanx Group's fixed-interest investments. Changes in the market values of fixed-interest investments may affect the equity and the investment income of the Talanx Group. For fixed-interest investments the interest rate and market value of securities are directly connected. While falling interest rates increase the market value, rising interest rates cause the market value of fixed-interest investments to fall.

The Talanx-Group invests in different types of fixed-interest investments, for instance in government bonds (EU member states as well as foreign governments), corporate bonds, covered bonds and asset-backed securities. The Talanx Group's investment guidelines aim to limit concentration risks and to constantly monitor the investment. If bonds cannot be redeemed or if the underlying collateral turns out not to be sufficient, adjustments in value may become necessary. In addition, credit risk could incur as a result of a change in the financial rating of a counterparty, such as an issuer of securities or other debtor with liabilities to the Talanx Group. For example, even though government bond investments are deemed to be of high credit quality, the sovereign debt crisis has shown that a counterparty risk is also attached to this asset class.

Moreover, the investments of the Talanx Group in equity securities are directly affected by the development on the stock markets that, in turn, depend on a number of factors that may have an adverse effect on share prices. Although the stock markets experienced a relatively steady growth over the last two years from a previous downturn, recently the global stock markets have shown a high degree of volatility and no assurances can be given whether the stock markets will continue to grow rather than stagnate or fall.

The Talanx Group uses derivatives, such as short-call, long-put options as well as swaps to partially hedge its investment portfolio especially against price, exchange and interest rate risks. Changes in the market value of the underlying and other parameters affecting the price (in particular volatility) of these derivatives may give rise to market value losses. In addition, no assurance can be given, that these instruments are sufficient to provide full coverage of the Talanx Group's risks.

Investments in real estate are subject to specific risks which include risks that emanate from the ownership or operation of property, e.g. vacancy and tenant structure 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. In the life-insurance business an increased inflation rate is likely to reduce the demand for long-term life insurance contracts and to increase the risk of termination of life-insurance contracts by the customer.

If any of the risks mentioned above materialises this could negatively affect the Talanx Group's net assets, financial position and results.

The potential illiquidity of the investment portfolio may negatively affect the financial position of the Talanx Group.

The Talanx 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 negatively affect the Talanx Group's net assets, financial position and results.

Exchange rate fluctuations may have a negative effect on the financial situation of the Talanx Group.

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

The Talanx Group's exposure to exchange rate fluctuations will increase as a result of further acquisitions in countries outside the Eurozone, including, for example, the recent acquisitions of majority shareholdings in the Polish insurance groups TU Europa and TUIR WARTA.

The occurrence of any of the risks set out above could have a material adverse effect on the business, results of operations and financial condition of the Talanx Group.

The reinsurance of risks arising from the primary insurance line and the retrocession of risks from the reinsurance business might prove insufficient, or might no longer be available in the required scope or only on less favourable terms in the future.

The risks resulting from insurance and reinsurance agreements of the Talanx Group are partially transferred to other insurance and reinsurance companies through reinsurance agreements and/or retrocessions or to the capital market through financial instruments. The decision on which measures are taken to transfer insured risks and which risks remains within the Talanx Group as so-called retentions is based on a number of criteria. These include the risk strategy of the Talanx Group determined by the board of management, the type and content of the underwritten risks, the risk bearing ability of the business divisions, the availability and terms of reinsurances and retrocessions as well as the solvency of the reinsurers and retrocessionaries involved. If assumption and forecasts on which the decisions are based deviate from the actual circumstances and developments, there is a risk of an inadequate ratio between retentions and risk coverage by reinsurance, retrocession and/or capital markets.

Risks may also arise from shortages in the reinsurance placings in the future resulting from the increased occurrence of natural catastrophes in the last years. Due to the extraordinary burden placed on the reinsurance market worldwide in 2011 as a result of severe natural catastrophes, it cannot be precluded that there will be negative consequences in the reinsurance market in the future, in particular in the industrial liability insurance business. An adverse major loss development could also further deteriorate the risk situation. Future capacity-based reinsurance cessions might find reinsurance coverage only at increased costs and with only a few reinsurance companies with a strong capital basis, a development which, besides possible limited capacities, would also negatively affect the conditions.

The Talanx Group, through its reinsurance business conducted by 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.

If any of the risks mentioned above materialises this could negatively affect the Talanx Group's net assets, financial position and results.

A protracted low interest level may adversely affect the net assets, financial position and results of the Talanx Group.

Risks may also arise from a protracted low interest level in the international financial markets, in particular in the form of a reinvestment risk. In particular, such low interest rate levels make it increasingly difficult for the life insurance companies of the Talanx Group to generate in the market the guaranteed interest rates. Should the current low level of interest rates be sustained or decline even further, this may adversely affect the net assets, financial position and results of the Talanx Group.

ENVIRONMENTAL AND GEOPOLITICAL RISKS

Natural catastrophes or other man-made disasters constitute a serious risk to the net assets, financial position and results of the Talanx Group.

The Talanx Group's property/casualty business partially covers losses from catastrophes due to natural events or human activity. Unforeseeable events such as hurricanes, windstorms and hailstorms, general climatic changes such as global warming, earthquakes, tsunamis, fires, factory explosions, freezes, riots, floods can cause considerable damages. The frequency and extent of these catastrophes over a certain period of time cannot be predicted and only be estimated using scientific methods based on experience values and prognoses of future changes. During the year 2012 severe catastrophes occurred, e.g. hurricane "Sandy" (USA), the earthquakes in Italy as well as the incident involving the Costa Concordia cruise ship. The Talanx Group seeks to analyse existing risks by using comprehensive simulation models and to mitigate significant individual and accumulation risks through reinsurance coverage and the writing of individual risks by means of underwriting constraints, which lay down uniform maximum limits on a group-wide basis. Nevertheless, such measures could be insufficient and damages caused by catastrophes can result in unexpected high losses. If catastrophes affecting assets insured by the Talanx Group occur with higher frequency or have an even greater impact than estimated by Talanx, the claims thus incurred may negatively affect the Talanx Group's net assets, financial position and results.

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 Talanx Group's business.

In the aftermath of the attacks on the World Trade Center on 11 September 2001, the companies of the Talanx Group, in particular 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 Talanx 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 Talanx Group cannot definitely assess the consequences that future terror attacks may have on its business activities. The events of 11 September 2001 have had an adverse impact on the economic, political and market-related framework conditions and thus also increased the risk to which the Talanx Group is subject. This may have a negative impact on the net assets, financial position and results of the Talanx Group.

Risks so far unknown (so-called emerging risks), the risk content of which cannot as yet be reliably assessed, may cause unforeseeable damage.

The hallmark of emerging risks (such as in the field of nanotechnology or in connection with climate change or non-communicable diseases e.g. obesity, smoking, etc.) is that the content of such risks cannot yet be reliably assessed – especially with respect to Talanx Group's in-force portfolio. Such risks evolve gradually from weak signals to unmistakable tendencies. For example, in the wake of the sinking of the oil rig "Deepwater-Horizon", Corexit, a chemical the use of which is normally prohibited has been allowed to be used to decompose oil that spilled out of the sea. As the chemical is conducive to causing severe diseases and as it can be detected in organisms after decades, it cannot be excluded that in the future insured liabilities will occur. The realization of one or several of these risks could have a material detrimental effect on the assets, financial position and net income of the Talanx Group.

LEGAL AND TAX-RELATED RISKS

Statutory rules oblige the Talanx Group to comply with minimum capital requirements as well as with further supervisory guidelines. Amendments to existing and adoption of new legal provisions, including the Solvency II directive, could negatively affect the business operations of the Talanx Group.

The business of the Talanx Group is subject to detailed and extensive laws and regulations. The supervisory authorities of the countries in which the Talanx 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 Talanx 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. This corresponds to a decision of the group of the 20 most important economies ("G20") taken during their meeting in Cannes on 4 November 2011

with respect to 29 named credit institutions. Regarding the insurance industry, the International Association of Insurances Supervisors was instructed to assess until the G20 meeting in June 2012 whether insurance companies are systematically important, to define criteria for such assessment and to identify the relevant institutions. Furthermore, there are discussions on certain changes in laws that may have negative effects for the Talanx Group, e.g. the introduction of a financial transaction tax in the European Union and the implementation of an EU-wide rescue fund for insurance companies which shall be financed by a compulsory levy.

Over the last few years, there have been substantial changes in the structure of the European insurance supervision. A new institution has been set up, the European Insurance and Occupational Pensions Authority ("**EIOPA**"), replacing the Committee of European Insurance and Occupational Pensions Supervisors ("**CEIOPS**") as from January 2011. The new regulatory authority has broader powers than CEIOPS and will take over the work of CEIOPS in the implementation of Solvency II. In addition, the new European Systemic Risk Board ("**ESRB**") will be responsible for recognising and providing due warning of risks at a macroeconomic level for the financial system as a whole. Tightened up supervisory rules as well as the work of new institutions may negatively affect Talanx Group's assets, financial position and net income.

In addition, there remain legal uncertainties and risks for the Talanx Group, in particular regarding the implementation of Solvency II. The directive requires the specification through measures of the European Commission and implementing measures of the individual member states. Following delays in the enactment of the amendment directive (so-called Omnibus II Directive), the European Commission published a Proposal (dated 16 May 2012) for a Directive (the so-called "Quick-Fix Directive") amending Solvency II with regard to the dates of its transposition and application and the date of repeal of certain Directives. The proposed date for transposition of Solvency II by Member States in this 'Quick-Fix Directive' is 30 June 2013, while implementation of Solvency II remains targeted for 1 January 2014. Therefore, the exact content of the specification and implementing measures is not entirely clear at the date of this Prospectus. However, the implementation of Solvency II will presumably affect the regulatory capital requirements as well as the audit and documentation requirements of the Talanx Group and will presumably necessitate an increase of equity. 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 negatively affect Talanx Group's assets, financial position and net income.

Proposals for the future accounting of insurance contracts under IFRS may lead to a substantially higher volatility of the consolidated results and to additional costs.

The Talanx Group currently accounts for insurance contracts in its consolidated financial statements in accordance with US GAAP because the current IFRS regulating the accounting of insurance contracts ("**IFRS 4**") does not regulate the measurement of insurance contracts. IFRS 4 allows the retention of formerly applied requirements as long as separate requirements in the IFRS are not given.

The International Accounting Standard Board ("**IASB**") presently develops requirements for the future recognition and measurement of insurance contracts. In 2010 the IASB published an exposure draft and it was originally planned to issue a final IFRS for insurance contracts in 2011. This has meanwhile been delayed. The IASB plans to issue a revised exposure draft in the first half of 2013. It is envisaged that the new standard, which is expected in 2014, is likely to have an effective date between 2017 and 2018.

Based on the proposals under discussion the new measurement model for insurance contracts plans to establish a four building block approach and – in contrast to the current requirements – the valuation has to be updated at every balance sheet date. This would be a substantial new concept:

it would lead to substantial changes in the existing accounting and valuation methods and place increased demands on current IT environments, products and processes. Moreover, a valuation of these items according to such a current fulfilment value method may make insurance companies' results more volatile, which may also lead to a higher cost of capital.

Additionally, currently the IASB is developing new requirements for the recognition and measurement of financial instruments. This project consists of three main phases which are classification and measurement, impairment methodologies and hedge accounting. The IASB issued an exposure draft in November 2012 proposing limited amendments to the classification and measurement model of IFRS 9 originally issued two years ago. Each phase of the IFRS 9 project is now at a different stage of completion. The effective date of IFRS 9 has already been pushed back to 1 January 2015. The European Union has not yet endorsed IFRS 9.

The new requirements could also result in an increased volatility in the income statement with the same potential consequences as mentioned above. In addition, these new requirements would also place increased demands on current IT environments, products and processes.

Moreover, any substantial changes in the accounting standards may also affect products and the structure of rates in primary insurance and reinsurance.

Other changes in law and court decisions in countries where the Talanx Group operates may negatively affect the Talanx Group's assets, financial position and net income.

Apart from supervisory laws and regulations there are many other laws and regulations that have an impact on the Talanx Groups' business operations. Changes in the laws and regulations or their interpretation and application by the courts and public authorities, in particular the laws and regulations governing provisioning for the elderly, labor law, the social security systems, financial services, taxation or securities products and transactions may require restructuring and result in additional expenses for the Talanx Group. In some countries, changes may also be introduced with retroactive effect. This can have a negative effect on Talanx Group's assets, financial position and net income.

In some of the areas mentioned above there was recently a tendency to increase the requirements imposed on insurance companies. For example, the jurisprudence in Germany and other countries in which the Talanx Group operates has applied a stricter interpretation on the advisory and disclosure obligations in connection with the distribution of insurance products, in particular where consumers are involved. In addition, certain provisions in the general terms of insurance agreements, which on balance were favourable for the insurance company, have been held void. On 1 March 2011, the European Court of Justice declared void with effect as of 21 December 2012 the provision of Section 5 (2) of Directive 2004/113/EC, which allowed the national legislator to implement in the applicable laws the possibility to calculate insurance premiums and benefits based on gender. In Germany this rule was implemented in Section 20 of the German Act on Equal Treatment. This provision must now be removed with the result that following 21 December 2012 the calculation of insurance premiums may not be based on different genders. As from this date only so-called "unisex tariffs" may be offered, where the premiums are calculated gender-neutral. Whether the reasoning of the European Court of Justice will be extended to other criteria on which the premium calculation is based, is currently uncertain. Therefore, there may be risks resulting from the new calculation of insurance premiums, switching coverage, increased cancellation quotas and reduced new business.

Cash surrender values for life insurance policies in Germany generally increased in the recent past as a result of case law and revisions to the German Act on Insurance Contracts (*Versicherungsvertragsgesetz*). For example, according to case law from the German Federal Court of Justice (*Bundesgerichtshof*), insurers are no longer permitted to use the first premiums paid by

the insured party solely to cover policy acquisition costs, and this leads to a quicker build-up of cash surrender values. If the current low level of interest rates continues or interest rates continue to decrease, Talanx's investment portfolio might fail to generate sufficient returns to pay cash surrender values without adversely impacting Talanx's results of operations and financial condition values. A recent decision of the Federal Court of Justice has also held that certain terms and conditions in relation to cash surrender values for life insurance policies and acquisition costs in insurance contracts concluded between the end of 2001 and the end of 2007 are invalid. Even though Talanx was not party to these proceedings, it may be confronted with demands by its policyholders to re-calculate the cash surrender values for life insurance policies concluded in the relevant time period – or possibly other time periods – and compensate policyholders for the difference. As of the date of this Prospectus, the Group expects an additional burden from this new case law at the low end of the three-digit million euro range (before tax and policyholder participation), most of which have been realised in 2012.

Furthermore, in several court proceedings pending in Germany plaintiffs have alleged that the version of Section 5a(2) sentence 4 of the German Act on Insurance Contracts, which was in force until December 31, 2007, violated European law. This version of the section provided that the termination right of an insured party expired at the latest one year after payment of the first premium, even where no clear information about the termination right was provided. A number of appellate courts in Germany have rejected this argument. The European Court of Justice, however, has not yet rendered a judgment, but has been asked for a preliminary ruling on this point by the German Federal Court of Justice in March 2012. If Section 5a(2) sentence 4 of the German Act on Insurance Contracts is held to be a violation of European law, a large number of insured parties would have the right to subsequently exercise a termination right and, in the worst case, force Talanx to unwind the entire inventory of affected insurance contracts.

Due to the granting of option rights regarding the change into the new tariff generation 2013 for the whole tariff generation 2012, there is a risk that certain subsidiaries of the Talanx Group will have to comply with the requirement of strengthening of reserves for old years. This could also be an issue for the new business tranche 2013 if the actual proportion of women is higher as calculated.

Pursuant to Section 153(3) of the German Act on Insurance Contracts (*Versicherungsvertragsgesetz*), insurance companies are required to disburse valuation reserves on investments on contracts which are coming to an end. A large part of life insurance companies grant a so-called "minimum participation in valuation reserves" which is due and payable irrespective of the actual amount of valuation reserves upon termination of the contract. This means that if the actual amount of valuation reserves is comparatively high, policyholders will receive, on top of such minimum participation, a further interest in the valuation reserves. In contrast, if the amount of valuation reserves is low, only the minimum participation will be disbursed. Such practice has been criticised by consumers and consumer protection agencies in the recent past. In addition, there is a proceeding against one insurance company pending, the outcome of which may have extensive effects. A negative outcome of the proceeding may lead to financial losses of the Talanx Group due to a post-settlement in favour of policyholders.

If any of the risks mentioned above materialises this could negatively affect the Talanx Group's net assets, financial position and results.

The Talanx Group is subject to stress tests and similar studies, the outcome of which may have a negative effect on the reputation and financing costs of the Talanx Group and/or may result in interventions by the regulatory authorities.

The national and supranational regulatory authorities (e.g. the EIOPA) conduct stress tests on a regular basis to analyse the capitalisation of the insurance industry. In addition, quantitative impact

studies were conducted with respect to Solvency II. The announcement of such studies and tests can result in an increased uncertainty within the insurance industry, the lack or reduction of trust imposed on the industry or individual entities. In case the results of the Talanx Group in such tests are worse than the results of competitors and such results are made public, this could negatively affect the financing costs of the Talanx Group, the sales of insurance and reinsurance products and the reputation of the Talanx Group. Regulatory authorities may also take action against the Talanx Group.

If any of the risks mentioned above materialises this could negatively affect the Talanx Group's net assets, financial position and results.

The Talanx Group's business operations depend on numerous approvals and licences, the refusal, withdrawal of which or the failure to apply for such licenses could have material negative effects.

In most of the jurisdictions, in which the Talanx Group operates, the operation of insurance and reinsurance business requires approvals and licenses granted by courts, public and other authorities following an audit and licensing process. For example, insurance and reinsurance companies in Germany require, inter alia, a license by the German Financial Supervisory Authority ("BaFin"), if they have not obtained a corresponding license in another member state of the European Union or the European Economic Area. With the approval process, BaFin assesses in a comprehensive audit, whether the insurance company fulfils the organisational, financial and other legal requirements. Similar approval processes exist also in other countries. If the granting of such licenses or approvals is refused or the licenses or approvals are withdrawn or the Talanx Group fails to apply for a required license or a prolongation thereof, the Talanx Group could be forced to cease its business operations in the relevant jurisdictions, which could negatively affect the Talanx Group's net assets, financial position and results.

The Talanx Group is exposed to tax risks, in particular changes in certain tax laws, their interpretation and application, including the abolishment of favourable tax treatments for the Talanx Group's products which could negatively affect the Talanx Group's business operations.

The Talanx Group profits from favourable tax provisions in relation to the demand for certain insurance products, e.g. retirement arrangements in relation to life insurances in Germany (so called Riester- and Rürup-products), and with respect to certain subsidiaries and branches (e.g. in Ireland). Should these advantageous tax provisions cease to apply or should the taxation in the countries in which the Talanx Group operates otherwise change in an unfavourable manner (e.g. in connection with tax audits which resulted in adverse consequences for the Talanx Group), this could negatively affect the assets, financial position and net income of the Talanx Group.

The Talanx Group is exposed to potential significant liabilities under the Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") adopted in the United States in 2010 which will generally take effect on January 1, 2013. The new FATCA rules increase the reporting duties for non-U.S. financial institutions (including insurance companies) in order to combat tax evasion by U.S. taxpayers on investments held outside the United States. FATCA imposes a 30% withholding tax on certain payments to a non-U.S. financial institution that does not enter into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide information on certain of its customers and potentially certain holders of its debt and equity. The relevant rules have not yet been fully developed and the future application of FATCA to the Talanx Group is uncertain. There could be uncertainties and disputes with regard to the new rules, especially in the initial phase, which could lead to additional burdens including fines for any violations. Internal investigations could in certain circumstances reveal that it would be more cost-efficient for the Talanx Group to completely

redeem, liquidate or otherwise remove its U.S. assets from the Talanx Group's portfolio than to enter into such an agreement with the IRS. The Talanx Group might then have to limit itself to non-U.S. capital in future investment activities, which could cause the Talanx Group to forgo potentially more profitable transactions. If the Talanx Group is generally less successful than other insurance companies in adapting to the new rules, this could result in competitive disadvantages such as a loss of customers and market share.

The occurrence of any of the risks set out above could have a material adverse effect on the business, results of operations and financial condition of the Talanx Group.

The Talanx Group is exposed to risks from court action and arbitration proceedings, as well as regulatory procedures the outcome of which is uncertain.

Within the scope of their regular business operations the companies of the Talanx Group are involved as claimants or defendants in a number of court, administrative, arbitration and regulatory proceedings, in Germany and other countries, including the United States. The companies of the Talanx Group are, for example, involved in court proceedings with customers, e.g., in connection with surcharges on insurance premiums in case the customers opt for payments during the year instead of annual payments. It is impossible to determine or predict the outcome of cases pending or threatened. The Talanx Group could also be exposed to claims from customers based on alleged inaccurate advice or other irregularities in connection with the distribution of insurance products and financial investments. If the outcome of court cases, arbitration proceedings or regulatory procedures is less favourable for the Talanx Group than expected or if further procedures are instituted, this could have a negative impact on the Talanx Group's financial conditions and results of operations.

The Talanx Group's business may be negatively affected by actual or alleged violations of legal provisions, rules of conduct or accounting or by other irregularities within the Group or at other companies in the insurance and financial services industry.

In the course of its business activities, the Talanx Group must comply with numerous legal provisions in numerous countries. These include, among other things, provisions relating to advice in connection with the offering and sale of insurance contracts or capital investment products. The possibility cannot be ruled out that Talanx Group employees may violate provisions of law. Talanx Group has developed and established compliance structures and procedures. Despite the existence of such structures and procedures, there may be violations of the law and unlawful business practices. It can turn out that the structures and procedures were not suitable or adequate to prevent or detect violations of the law and unlawful business practices. Compliance violations can cause the Talanx Group to lose its reputation and result in legal consequences such as court orders or orders by the competent supervisory authorities that can restrict the Talanx Group's business activities, fines and penalties against Talanx AG, other companies of the Talanx Group and Board members and employees. Moreover, claims for damages can be filed by third parties or there can be other adverse legal consequences. Therefore, compliance violations could have a material adverse effect on Talanx Group's business activities and its net assets, financial position and results of operations.

Risks relating to the Notes

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

Notes may not be a suitable investment for all investors

Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes 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 Notes and the impact the Notes 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 Notes, 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 Notes; 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 Notes 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 Notes – which are complex financial instruments – unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Long-term securities, Risk of Early Redemption

The Notes will be redeemed at their principal amount on 13 February 2023, unless they have been previously redeemed. The Issuer is under no obligation to redeem the Notes at any time before this date, and the holders of the Notes (each a "Noteholder") have no right to call for their redemption except following the occurrence of an Event of Default (as further described in the Terms and Conditions of the Notes). At the Issuer's option, the Notes may be redeemed prior to the Maturity Date at their principal amount plus accrued interest, if, as a result of any change in or amendment to the laws (or any rules or regulations thereunder) the Issuer has or will become obliged to pay additional amounts. If Notes are redeemed prior to maturity, a Noteholder 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.

No limitation on issuing further debt

There is no restriction on the amount of debt which the Issuer may issue ranking equal to the obligations under or in connection with the Notes. Such issuance of further debt may reduce the amount recoverable by the Noteholders upon insolvency or winding-up of the Issuer.

Liquidity risk

There is currently no secondary market for the Notes. Application has been made for the Notes 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 Notes will develop or, if it does develop, that it will continue. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

Fixed Rate Notes

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

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

One or more independent credit rating agencies may assign credit ratings to the Notes. 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 Notes. 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 Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

Currency Risk in relation to Notes

The Notes are denominated in Euro. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the Noteholder'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 Notes are held by Clearstream Banking AG, Frankfurt am Main, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by one or more Global Notes. Such Global Notes will be deposited with Clearstream Banking AG, Frankfurt am Main. Investors will not be entitled to receive definitive Notes. Clearstream will maintain records of the co-ownership interests in the Global Notes. Investors will be able to transfer the interests only through Clearstream Banking AG, Frankfurt am Main and the Issuer will discharge its payment obligations under the Notes by making payments to Clearstream Banking AG, Frankfurt am Main or to its order for distribution to their account holders. A holder of an interest in a Global Note must rely on the procedures of Clearstream Banking AG, Frankfurt am Main and its depositary bank to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of interests in the Global Notes.

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

A Noteholder is subject to the risk of being outvoted and of losing rights towards the Issuer against his will in the case that Noteholders agree pursuant to the Terms and Conditions of the Notes to amendments of the Terms and Conditions of the Notes by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – Schuldverschreibungsgesetz*). As resolutions properly adopted are binding on all Noteholders, certain rights of such Noteholder against the Issuer under the Terms and Conditions of the Notes may be amended or reduced or even cancelled. In the case of an appointment of a noteholders' representative for all Noteholders a particular Noteholder may lose, in whole or in part, the possibility to pursue, enforce and claim his rights against the Issuer regardless of other Noteholders such rights passing to the Noteholders' Representative who is then responsible for claiming and enforcing the rights of all Noteholders.

The market value of the Notes could decrease if the creditworthiness of the Talanx Group worsens

If the likelihood that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due decreases, for example, because of the materialisation of any of the risks regarding the Issuer and/or the Talanx Group, the market value of the Notes will suffer. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Notes 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 Talanx Group could adversely change. If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialisation of mentioned risk. Under these circumstances, the market value of the Notes will decrease.

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 Note 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.

U.S. Foreign Account Tax Compliance Withholding

Pursuant to the foreign account tax compliance provisions of FATCA, the Issuer and other non-U.S. financial institutions through which payments on the Notes 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 Notes issued or materially modified on or after the later of (a) January 1, 2014,

and (b) the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued. 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 IRS to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Notes 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 Notes is not clear. In particular, Germany has announced that it intends to enter into an intergovernmental agreement with the United States (the "**US-Germany IGA**") to help implement FATCA for certain German entities. The impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is unclear. The Issuer may be required to report certain information on its U.S. account holders to government of Germany in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable German law. It is not yet certain how the United States and Germany will address withholding on "**foreign passthru payments**" (which may include payments on the Notes) or if such withholding will be required at all.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, 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 NOTES AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

ANLEIHEBEDINGUNGEN TERMS AND CONDITIONS OF THE NOTES

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 DIEN T NUR ZUR INFORMATION.

THESE TERMS AND CONDITIONS ARE WRITTEN IN THE GERMAN LANGUAGE AND PROVIDED WITH AN ENGLISH LANGUAGE TRANSLATION. THE GERMAN TEXT SHALL BE THE ONLY LEGALLY BINDING VERSION. THE ENGLISH LANGUAGE TRANSLATION IS PROVIDED FOR CONVENIENCE ONLY.

BEDINGUNGEN

der

€ 750.000.000 3,125% festverzinsliche
Schuldverschreibungen fällig 2023

der

Talanx AG, Hannover,
Bundesrepublik Deutschland

TERMS AND CONDITIONS

of the

€ 750,000,000 3.125% Fixed Rate Notes due 2023

issued by

Talanx AG, Hannover,
Federal Republic of Germany

§ 1 VERBRIEFUNG UND NENNBETRAG

- (1) **Währung, Nennbetrag und Form.** Die Talanx AG (die "**Emittentin**") begibt auf den Inhaber lautende Schuldverschreibungen (die "**Schuldverschreibungen**") im Nennbetrag von je € 100.000 (der "**Nennbetrag**") und im Gesamtnennbetrag von € 750.000.000.
- (2) **Globalurkunden und Austausch.** Die Schuldverschreibungen werden zunächst in einer vorläufigen Globalinhaberschuldverschreibung (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft und bei der Clearstream Banking AG, Frankfurt am Main (nachstehend als "**Clearingsystem**" bezeichnet) hinterlegt. Die Vorläufige Globalurkunde wird nicht vor Ablauf von 40 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 auch als "**Globalurkunde**" bezeichnet) ohne Zinsscheine ausgetauscht. Zahlungen auf eine Vorläufige Globalurkunde erfolgen nur gegen

§ 1 FORM AND DENOMINATION

- (1) **Currency, Denomination and Form.** Talanx AG (the "**Issuer**") issues bearer notes (the "**Notes**") in a denomination of € 100,000 each (the "**Principal Amount**") in the aggregate principal amount of € 750,000,000.
- (2) **Global Notes and Exchange.** The Notes will initially be represented by a temporary global bearer note (the "**Temporary Global Note**") without coupons which will be deposited with Clearstream Banking AG, Frankfurt am Main (hereinafter referred to as the "**Clearing System**") on or about the issue date of the Notes. The Temporary Global Note will be exchangeable for a permanent global bearer note (the "**Permanent Global Note**", and together with the Temporary Global Note, each also referred to as "**Global Note**") without coupons not earlier than 40 days after the issue date of the Notes 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 Note will only be made against presentation of such certification. No definitive Notes or interest coupons will be issued.

Vorlage einer solchen Bestätigung. Einzelkunden oder Zinsscheine werden nicht ausgegeben.

- (3) Die Vorläufige Globalurkunde und die Dauer-Globalurkunde werden solange von einem Clearingsystem oder im Auftrag eines Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

Den Inhabern der Schuldverschreibungen (die "**Anleihegläubiger**") stehen Miteigentumsanteile an der Globalurkunde zu, die gemäß anwendbarem Recht und den Bestimmungen und Regeln des Clearingsystems übertragen werden können.

§ 2 STATUS, NEGATIVERKLÄRUNG

- (1) **Status der Schuldverschreibungen.** Die Schuldverschreibungen begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin zumindest gleichrangig sind, mit Ausnahme solcher Verbindlichkeiten, die aufgrund auf Gesellschaften generell anwendbarer gesetzlicher Bestimmungen zwingend vorrangig sind.
- (2) **Negativerklärung.** Die Emittentin verpflichtet sich hiermit, solange die Schuldverschreibungen ausstehen, für Kapitalmarktverbindlichkeiten, einschließlich dafür übernommener Garantien und sonstiger Gewährleistungen, keine dinglichen Sicherheiten an ihren derzeitigen oder zukünftigen Vermögensgegenständen für andere Kapitalmarktverbindlichkeiten zu bestellen oder aufrechtzuerhalten, sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen zugleich oder zuvor gleichrangig und anteilig an einer solchen Sicherheit teilhaben, oder diesbezüglich eine Sicherheit oder Garantie oder anderweitige Haftungsvereinbarung zu im Wesentlichen gleichen Bedingungen gewährt wird. Die Verpflichtung nach dem vorhergehenden Satz besteht jedoch nicht für solche Sicherheiten, die (i) gesetzlich vorgeschrieben sind, oder (ii) im Zusammenhang mit staatlichen Genehmigungen verlangt werden. Eine nach dem ersten

- (3) Each of the Temporary Global Note and the Permanent Global Note will be held in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied.

The holders of the Notes (the "**Noteholders**") are entitled to co-ownership participations in the Global Note, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

§ 2 STATUS, NEGATIVE PLEDGE

- (1) **Status of the Notes.** The obligations under the Notes constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, save for obligations mandatorily preferred by law applying to companies generally.
- (2) **Negative Pledge.** The Issuer hereby undertakes, for as long as any of the Notes remains outstanding, not to provide or permit to subsist any mortgage, charge, pledge, lien or other encumbrance in rem (*dingliche Sicherheit*) upon any or all of its present or future assets for any other Capital Market Indebtedness, including any guarantees or other indemnities assumed in respect thereof, unless, at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or benefit from a security interest or guarantee or other assumption of liability in substantially identical terms thereto, as the case may be. The undertaking pursuant to the preceding sentence shall not apply to a security (i) which is mandatory according to applicable laws, or (ii) which is required as a prerequisite for governmental approvals. Any security which is to be provided pursuant to the first sentence may also be provided to a trustee on behalf of

Satz zu leistende Sicherheit kann auch gegenüber einem Treuhänder der Anleihegläubiger bestellt werden.

"Kapitalmarktverbindlichkeit" ist jede gegenwärtige oder zukünftige Verbindlichkeit bezüglich Geldaufnahmen (gleich ob Kapital, Aufgeld, Zinsen oder andere Beträge) der Emittentin oder eines Dritten in der Form von oder verbrieft durch (i) Schuldverschreibungen, Anleihen oder ähnlichen Wertpapieren, soweit sie an einer Börse oder im Freiverkehr notiert sind oder gehandelt werden können, oder Schuldscheindarlehen nach deutschem Recht.

§ 3 ZINSEN

(1) **Verzinsung.** Im Zeitraum ab dem 13. Februar 2013 (der **"Zinslaufbeginn"**) (einschließlich) werden die Schuldverschreibungen bezogen auf den Gesamtnennbetrag in Höhe von jährlich 3,125% verzinst. Die Zinsen sind nachträglich jeweils am 13. Februar eines jeden Jahres (jeweils ein **"Zinszahlungstag"**) zahlbar, erstmals am 13. Februar 2014.

(2) **Zinstagequotient.** Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode ist oder einer Zinsperiode entspricht, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Tage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zu dem letzten Tag des jeweiligen Zeitraums (ausschließlich) berechnet, geteilt durch die Anzahl der Tage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages der betroffenen Zinsperiode).

"Zinsperiode" bezeichnet den Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zu dem ersten Zinszahlungstag (ausschließlich) und danach ab dem jeweiligen Zinszahlungstag (einschließlich) bis zu dem nächstfolgenden Zinszahlungstag (ausschließlich).

(3) **Ende der Verzinsung und Verzugszinsen.** Die Verzinsung der Schuldverschreibun-

the Noteholders.

"Capital Market Indebtedness" means any present or future indebtedness in respect of borrowed money (whether being principal, premium, interest or other amounts) of the Issuer or any third party which is in the form of, or represented by, (i) bonds, notes or similar securities which are or are capable of being be traded on any stock exchange or over the counter securities market, or (ii) certificates of indebtedness (*Schuldscheindarlehen*) governed by German law.

§ 3 INTEREST

(1) **Interest.** In the period from and including 13 February 2013 (the **"Interest Commencement Date"**) the Notes bear interest on their aggregate principal amount at a rate of 3.125% per annum. Interest shall be payable annually in arrear on 13 February of each year (each an **"Interest Payment Date"**), commencing on 13 February 2014.

(2) **Day Count Fraction.** Where interest is to be calculated in respect of a period which is shorter than or equal to an Interest Period, the interest will be calculated on the basis of the actual number of days elapsed in the relevant period, from and including the first date in the relevant period to but excluding the last date of the relevant period, divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).

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

(3) **End of interest accrual and default interest.** The Notes will cease to bear interest from

gen endet mit Beginn des Tages, an dem ihr Kapitalbetrag zur Rückzahlung fällig wird. Sollte die Emittentin eine Zahlung von Kapital auf diese Schuldverschreibungen bei Fälligkeit nicht leisten, endet die Verzinsung der Schuldverschreibungen mit Beginn des Tages der tatsächlichen Zahlung. Der in einem solchen Fall jeweils anzuwendende Zinssatz wird gemäß diesem § 3 bestimmt. Etwaige weitergehende Rechte der Anleihegläubiger bleiben unberührt.

§ 4 RÜCKZAHLUNG UND RÜCKKAUF

- (1) **Rückzahlung bei Endfälligkeit.** Soweit nicht zuvor bereits zurückgezahlt, werden die Schuldverschreibungen am 13. Februar 2023 (der "**Endfälligkeitstag**") zum Nennbetrag zurückgezahlt.
- (2) **Rückzahlung nach Eintritt eines Gross-up-Ereignisses.** Wenn ein Gross-up-Ereignis eintritt, ist die Emittentin jederzeit berechtigt, die Schuldverschreibungen (insgesamt und nicht nur teilweise) durch Erklärung gemäß § 4(3) mit Wirkung zu dem in der Erklärung gemäß § 4(3) für die Rückzahlung festgelegten Tag zu kündigen. Die Emittentin ist im Falle einer solchen Kündigung verpflichtet, die Schuldverschreibungen am festgelegten Rückzahlungstermin zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückzuzahlen.

Eine solche Kündigung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge (wie in § 6 definiert) auf die Schuldverschreibungen zu zahlen.

Ein "**Gross-up-Ereignis**" tritt ein, wenn der Hauptzahlstelle ein Gutachten eines anerkannten unabhängigen Steuerberaters vorgelegt wird, aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) der Bundesrepublik Deutschland oder einer zur Erhebung von Steuern berechtigten Gebietskörperschaft oder Behörde der Bundesrepublik Deutschland, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung dieser Gesetze, Be-

the beginning of the day their principal amount is due for repayment. If the Issuer fails to make any payment of principal under the Notes when due, the Notes will cease to bear interest from the beginning of the day on which such payment is actually made. In such case the applicable rate of interest will be determined pursuant to this § 3. This does not affect any additional rights that might be available to the Noteholders.

§ 4 REDEMPTION AND PURCHASE

- (1) **Redemption at Maturity.** To the extent not previously redeemed, each Note will be redeemed at the Principal Amount on 13 February 2023 (the "**Maturity Date**").
- (2) **Redemption following a Gross-Up Event.** If a Gross-Up Event occurs, the Issuer may at any time, upon giving notice in accordance with § 4(3) call the Notes for redemption (in whole but not in part) with effect as of the date fixed for redemption in the notice pursuant to § 4(3). In the case such call notice is given, the Issuer shall redeem the Notes at their Principal Amount plus accrued interest on the specified redemption date.

No such call notice may be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay the Additional Amounts (as defined in § 6) on the Notes.

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 the Issuer has or will become obliged to pay Additional Amounts pursuant to § 6 on the Notes as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of the Federal Republic of Germany or any political subdivision or any authority of or in the Federal Republic of Germany having power to tax, or as a result of any change in the official interpretation or application of any such laws, rules or regulations, which change or amendment becomes effec-

stimmungen oder Vorschriften verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält.

- (3) **Bekanntmachung der Vorzeitigen Rückzahlung.** Die Emittentin kann ein Recht zur vorzeitigen Rückzahlung gemäß § 4(2) 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 hat diejenigen Tatsachen zu enthalten, auf welche die Emittentin ihr Kündigungsrecht stützt, und den für die Rückzahlung festgelegten Tag bezeichnen.
- (4) **Rückkauf.** Die Emittentin und ihre Tochtergesellschaften können jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis kaufen und wieder veräußern.

§ 5 ZAHLUNGEN

- (1) Die Emittentin verpflichtet sich, Kapital und Zinsen auf die Schuldverschreibungen bei Fälligkeit in Euro zu zahlen. Die Zahlung von Kapital und Zinsen wird über die Hauptzahlstelle zur Weiterleitung an das Clearingsystem oder nach dessen Weisung zur Gutschrift für die jeweiligen Kontoinhaber geleistet. Die Zahlung an das Clearingsystem oder nach dessen Weisung befreit die Emittentin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen. Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 6 ein.

Sämtliche Zahlungen stehen in allen Fällen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien und Verordnungen oder sonstiger gesetzlicher Vorschriften, denen sich die Emittentin oder eine Zahlstelle unterworfen haben. Die Emittentin ist nicht für irgendwelche Steuern oder Abgaben gleich welcher Art

tive on or after the date of issue of the Notes, and that obligation cannot be avoided by the Issuer taking such reasonable measures it (acting in good faith) deems appropriate.

- (3) **Notification of Early Redemption.** The Issuer will give not less than 30 nor more than 60 days' notice to the Noteholders in accordance with § 11 of any early redemption pursuant to § 4(2). Such notice will set forth the underlying facts of the Issuer's right to early redemption and specify the date fixed for redemption.
- (4) **Repurchase.** The Issuer and any of its subsidiaries may at any time purchase Notes in the open market or otherwise and at any price and may resell Notes so purchased.

§ 5 PAYMENTS

- (1) The Issuer undertakes to pay, as and when due, principal and interest on the Notes in euro. Payment of principal and interest on the Notes shall 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. Payments to the Clearing System or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer from its corresponding liabilities under the Notes. Any reference in these Terms and Conditions of the Notes to principal or interest will be deemed to include any Additional Amounts as set forth in § 6.

All payments will be subject in all cases to any applicable fiscal and other laws, directives and regulations or other laws to which the Issuer or any Paying Agent agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of § 6. No

verantwortlich, die aufgrund solcher gesetzlichen Vorschriften, Richtlinien oder Verordnungen oder Verpflichtungen auferlegt oder erhoben werden. Dies berührt jedoch nicht die Bestimmungen von § 6. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt.

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

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

§ 6 BESTEUERUNG

Sämtliche Zahlungen von Kapital und Zinsen in Bezug auf die Schuldverschreibungen werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art ("**Steuern**") geleistet, die von der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, die Emittentin ist zu einem solchen Einbehalt oder Abzug gesetzlich verpflichtet. In einem solchen Falle wird die Emittentin solche zusätzlichen Beträge zahlen (die "**Zusätzlichen Beträge**"), dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern:

- (a) denen ein Anleihegläubiger wegen einer anderen Beziehung zu der Bundesrepublik Deutschland unterliegt als der bloßen Tatsache, dass er der Inhaber der betreffenden Schuldverschreibungen ist; oder
- (b) deren Einbehalt oder Abzug auf eine Zahlung an eine natürliche Person erfolgt und zwar auf der Grundlage der Richtlinie 2003/48/EC der Europäischen Union oder einer anderen Richt-

commission or expenses shall be charged to the Noteholders in respect of such payments.

- (2) If the due date for any payment of principal and/or interest is not a Business Day, payment shall be effected only on the next Business Day. The Noteholders shall have no right to claim payment of any interest or other indemnity in respect of such delay in payment.

"**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.

§ 6 TAXATION

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Federal Republic of Germany (as the case may be) or any of its political subdivisions or authorities that has power to tax, unless the Issuer is required by law to make that withholding or deduction. In that event, the Issuer will pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Noteholders of the same amounts as they would have received without such withholding or deduction. However, no such Additional Amounts shall be payable with respect to Taxes:

- (a) to which a Noteholder is liable because of a relationship with the Federal Republic of Germany other than the mere fact of his being the holder of the relevant Notes; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Eu-

linie der Europäischen Union zur Besteuerung privater Zinserträge, oder aufgrund eines Gesetzes, das aufgrund solcher Richtlinie erlassen wurde, ihr entspricht oder eingeführt wurde, um dieser Richtlinie nachzukommen; oder

- (c) 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 (§ 9(1)) zur Verfügung gestellt worden sind und dies gemäß § 11 bekannt gemacht wurde, zur Zahlung vorgelegt hätte.

§ 7 KÜNDIGUNGSGRÜNDE

- (1) Anleihegläubiger sind berechtigt, ihre Schuldverschreibungen zur sofortigen Rückzahlung fällig zu stellen und deren sofortige Rückzahlung zum Nennbetrag zuzüglich aufgelaufener Zinsen durch Abgabe einer schriftlichen Kündigungserklärung gegenüber der Emittentin und der Hauptzahlstelle zu verlangen, falls einer der folgenden Kündigungsgründe vorliegt (jeweils ein "**Kündigungsgrund**"):
 - (a) die Emittentin zahlt Kapital oder Zinsen oder sonstige auf die Schuldverschreibungen zu zahlende Beträge nicht innerhalb von sieben Tagen nach dem betreffenden Fälligkeitsdatum; oder
 - (b) die Emittentin erfüllt eine oder mehrere ihrer sonstigen Verpflichtungen aus den Schuldverschreibungen nicht, und dieser Zustand wird nicht innerhalb von 14 Tagen, nachdem die Hauptzahlstelle eine diesbezügliche Mitteilung durch den Anleihegläubiger in der in § 7(3) festgelegten Art erhalten hat, behoben; oder
 - (c) die Emittentin stellt ihre Zahlungen allgemein ein oder gibt Zahlungsunfähigkeit bekannt; oder
 - (d) ein zuständiges Gericht eröffnet ein Insolvenzverfahren gegen die

ropean Union Directive in relation to the taxation of private interest income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (c) to which the Noteholder would not be subject if he had presented his Notes 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 (§ 9(1)), and a notice to that effect has been published in accordance with § 11.

§ 7 EVENTS OF DEFAULT

- (1) Noteholders shall be entitled to declare the Notes to be immediately due and repayable and to demand their immediate redemption at their Principal Amount plus accrued interest by giving written notice of default to the Issuer and the Principal Paying Agent, if any of the following events (each an "**Event of Default**") shall occur:
 - (a) the Issuer fails to pay any interest or principal or any other amounts under the Notes when due and such failure continues for a period of seven days after the relevant due date; or
 - (b) the Issuer does not perform or comply with any one or more of its other obligations under the Notes and such default is not remedied within 14 days after the Principal Paying Agent has received notice thereof from the Noteholder, such notice being substantially in the form as specified in § 7(3); or
 - (c) the Issuer suspends its payments generally or announces its inability to meet its financial obligations; or
 - (d) any competent court institutes insolvency proceedings against the

Emittentin, und ein solches Verfahren ist nicht innerhalb von 60 Tagen aufgehoben oder ausgesetzt worden, oder die Emittentin beantragt die Einleitung eines solchen Verfahrens, oder ein auf Einleitung eines solchen Verfahrens gestellter Antrag wird von dem zuständigen Gericht mangels Masse abgelehnt, oder die Emittentin trifft eine allgemeine Schuldregelung zu Gunsten ihrer Gläubiger oder bietet diese an; oder

(e) die Emittentin tritt in Liquidation (es sei denn, dies geschieht im Zusammenhang mit einer Verschmelzung, Reorganisation oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, sofern die andere oder neue Gesellschaft oder gegebenenfalls die anderen neuen Gesellschaften im Wesentlichen alle Aktiva und Passiva der Emittentin übernimmt oder übernehmen).

(2) Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde. Vorbehaltlich anwendbaren zwingenden Rechts berechtigen andere Ereignisse oder Umstände als die in § 7(1) genannten die Anleihegläubiger nicht dazu, ihre Schuldverschreibungen vorzeitig zur Rückzahlung fällig zu stellen, es sei denn, dies ist ausdrücklich in diesen Anleihebedingungen bestimmt.

(3) Eine Kündigungserklärung gemäß § 7(1) ist unwiderruflich, hat schriftlich zu erfolgen und ist der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung seiner Depotbank gemäß § 14(4), dass dieser im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu übermitteln.

§ 8 VORLEGUNGSFRIST UND VERJÄHRUNG

Die Vorlegungsfrist der Schuldverschreibungen wird auf zehn Jahre reduziert. Erfolgt die Vorlegung wäh-

Issuer and such proceedings have not been discharged or stayed within 60 days, or the Issuer applies for the institution of such proceedings or an application for the institution of such proceedings has been filed but rejected by the competent court for lack of assets, or the Issuer offers or makes a general arrangement for the benefit of its creditors; or

(e) the Issuer goes into liquidation (except in connection with a merger or reorganisation or other form of combination with another company or in connection with a reconstruction and such other or new company or, as the case may be, companies effectively assume substantially all of the assets and liabilities of the Issuer).

(2) The right to declare Notes due shall lapse if the Event of Default has been cured before the right is validly exercised. No event or circumstance other than an event specified in § 7(1) shall entitle Noteholders to declare their Notes due and payable prior to their stated maturity, save as expressly provided for in these Terms and Conditions and subject to applicable mandatory law.

(3) A notice of default pursuant to § 7(1) is irrevocable and must be submitted in written form to the Principal Paying Agent together with evidence by means of a certificate of its depositary bank accordance with § 14(4) that such Noteholder at the time of such written notice is the holder of the relevant Notes.

§ 8 PRESENTATION PERIOD AND STATUTE OF LIMITATION

The period for presentation of the Notes will be reduced to 10 years. Following such presentation during

rend der Vorlegungsfrist, so verjährt der Anspruch aus der Schuldverschreibung in zwei Jahren von dem Ende der Vorlegungsfrist an.

§ 9 ZAHLSTELLEN

- (1) **Bestellung.** Die Emittentin hat die Deutsche Bank Aktiengesellschaft Trust & Securities Services als Hauptzahlstelle (die "**Hauptzahlstelle**") und gemeinsam mit jeder etwaigen von der Emittentin nach § 9(2) bestellten zusätzlichen Zahlstelle, die "**Zahlstellen**") bestellt.
- (2) **Änderung oder Beendigung der Bestellung.** Die Emittentin behält sich das Recht vor, jederzeit die Benennung einer Zahlstelle zu verändern oder zu beenden und Nachfolger bzw. zusätzliche Zahlstellen zu bestellen. Eine Änderung, Abberufung oder Bestellung wird nur wirksam (außer im Insolvenzfall, in dem eine Änderung sofort wirksam wird), wenn die Anleihegläubiger hierüber gemäß § 11 unter Einhaltung einer Frist von mindestens 30 und höchstens 45 Tagen informiert wurden,
- (3) **Status der beauftragten Stellen.** Die Zahlstellen handeln ausschließlich als Stellvertreter der Emittentin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

§ 10 WEITERE EMISSIONEN

Die Emittentin kann ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen begeben, die in jeder Hinsicht (oder 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) **Bekanntmachungen.** Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden im Bundesanzeiger (soweit erforder-

the presentation period, the limitation period with regard to any claim arising under the Notes will be two years from the expiry of the presentation period.

§ 9 PAYING AGENTS

- (1) **Appointment.** The Issuer has appointed Deutsche Bank Aktiengesellschaft Trust & Securities Services as principal paying agent (the "**Principal Paying Agent**") and, together with any additional paying agent appointed by the Issuer in accordance with § 9(2), the "**Paying Agents**").
- (2) **Variation or Termination of Appointment.** The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint successors or any additional Paying Agents. Any variation, termination or appointment will only take effect (other than in the case of insolvency, when it shall be of immediate effect) upon not less than 30 and not more than 45 days' prior notice thereof has been given to the Noteholders pursuant to § 11.
- (3) **Status of the Agents.** The Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders.

§ 10 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. In the event of such further issue, the term Notes shall also comprise such further notes.

§ 11 NOTICES

- (1) **Notices.** All notices regarding the Notes will be published in the Federal Gazette (to the extent required) and (so long as the Notes are

lich) und (solange die Schuldverschreibungen an der Luxemburger Wertpapierbörse notiert sind) auf der Internet-Seite der Luxemburger Börse unter www.bourse.lu veröffentlicht. Für das Datum und die Rechtswirksamkeit sämtlicher Bekanntmachungen ist die erste Veröffentlichung maßgeblich.

- (2) **Bekanntmachung an das Clearingsystem.** Die Emittentin ist ferner berechtigt, alle die Schuldverschreibungen betreffenden Mitteilungen an das Clearingsystem zur Weiterleitung an die Anleihegläubiger zu übermitteln. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

§ 12 SCHULDNERERSETZUNG

- (1) **Schuldnerersetzung.** Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine andere Gesellschaft, die direkt oder indirekt von der Emittentin kontrolliert wird, als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern

- (a) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt;
- (b) die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten hat;
- (c) 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

listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice will become effective for all purposes on the date of the first such publication.

- (2) **Notice to the Clearing System.** The Issuer will also be entitled to deliver all notices concerning the Notes to the Clearing System for communication by the Clearing System to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the date on which the said notice was given to the Clearing System.

§ 12 SUBSTITUTION OF ISSUER

- (1) **Substitution of Issuer.** The Issuer may at any time, without the consent of the Noteholders, substitute for the Issuer any other company which is directly or indirectly controlled by the Issuer, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Notes, with the effect of releasing the Issuer of all such obligations, if:

- (a) the New Issuer assumes all obligations of the Issuer arising under or in connection with the Notes;
- (b) the New Issuer has obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Notes;
- (c) 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

Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden; und

- (d) die Emittentin unbedingt und unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde.

- (2) **Bezugnahmen.** Im Fall einer Schuldnerersetzung gemäß § 12(1) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin und jede Bezugnahme auf die Bundesrepublik Deutschland 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 § 12 jede frühere Neue Emittentin, von ihren sämtlichen Verpflichtungen aus den Schuldverschreibungen frei. Im Falle einer solchen Ersetzung werden die Wertpapierbörsen informiert, an denen die Schuldverschreibungen notiert sind.

§ 13 ÄNDERUNG DER ANLEIHEBEDINGUNGEN DURCH BESCHLUSS DER ANLEIHEGLÄUBIGER; GEMEINSAMER VERTRETER

- (1) Die Emittentin kann die Anleihebedingungen mit Zustimmung der Anleihegläubiger aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – Schuldverschreibungsgesetz*) in seiner jeweiligen gültigen Fassung (das "**SchVG**") ändern. 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,

in connection with the Notes; and

- (d) the Issuer irrevocably and unconditionally guarantees such obligations of the New Issuer under the Notes on terms which ensure that each Noteholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place.

- (2) **References.** In the event of a substitution pursuant to § 12(1), any reference in these Terms and Conditions of the Notes to the Issuer shall be a reference to the New Issuer and any reference to the Federal Republic of Germany shall 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 shall be given by publication in accordance with § 11. Upon such publication, the substitution shall become effective, and the Issuer, and in the event of a repeated application of this § 12, any previous New Issuer, shall be discharged from any and all obligations under the Notes. In case of such substitution, the stock exchange(s), if any, on which the Notes are then listed will be notified.

§ 13 AMENDMENTS TO THE TERMS AND CONDITIONS BY RESOLUTION OF THE NOTEHOLDERS; JOINT REPRESENTATIVE

- (1) The Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – Schuldverschreibungsgesetz*), as amended from time to time (the "**SchVG**"). In particular, the Noteholders 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

die in § 12 abschließend geregelt ist, mit den in dem nachstehenden § 13(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

(2) Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75% der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.

(3) Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 13(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 13(3)(b) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird. Gemäß § 9 Absatz 1 S. 2 SchVG können Anleihegläubiger, deren Schuldverschreibungen zusammen 5% des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, schriftlich die Durchführung einer Gläubigerversammlung oder Abstimmung ohne Versammlung mit einer gemäß § 9 Absatz 1 S. 2 SchVG zulässigen Begründung verlangen.

(a) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. 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

subject to the provisions in § 12, by resolutions passed by such majority of the votes of the Noteholders as stated under § 13(2) below. A duly passed majority resolution will be binding upon all Noteholders.

(2) Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75% of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*) or are being held for the account of the Issuer or any of its affiliates.

(3) Resolutions of the Noteholders will be made either in a Noteholders' meeting in accordance with § 13(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 13(3)(b), in either case convened by the Issuer or a joint representative, if any. Pursuant to § 9(1) sentence 2 of the SchVG, Noteholders holding Notes in the total amount of 5% of the outstanding principal amount of the Notes may in writing request to convene a Noteholders' meeting or vote without a meeting for any of the reasons permitted pursuant to § 9(1) sentence 2 of the SchVG.

(a) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with §§ 9 et seq. of the SchVG. The convening notice of a Noteholders' 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 Noteholders in the agenda of the meeting.

bekannt gegeben.

- (b) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. 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 Teilnahme an der Gläubigerversammlung oder 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 ihrer Depotbank 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 § 13(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 ihrer De-
- (b) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance § 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 Noteholders together with the request for voting.
- (4) The attendance at the Noteholders' meeting or the exercise of voting rights is subject to the registration of the Noteholders. 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, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their custodian bank hereof in text form and by submission of a blocking instruction by the custodian bank stating that the relevant Notes 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 § 13(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 Noteholders. The registration must be received at the address stated in the convening notice no later than the third day preceding the second bondholders' meeting. Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their custodian bank hereof in text form and by submission of a blocking instruction by the custodian bank

potbank 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 § 13(1) zuzustimmen.
- (7) Bekanntmachungen betreffend diesen § 13 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 11.

§ 14 SCHLUSSBESTIMMUNGEN

- (1) **Anzuwendendes Recht.** Die durch diese Schuldverschreibungen begründeten Rechtsverhältnisse bestimmen sich nach dem Recht der Bundesrepublik Deutschland.
- (2) **Gerichtsstand.** Ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten aus den in diesen Anleihebedingungen geregelten Angelegenheiten ist, soweit gesetzlich zulässig, Frankfurt am Main, Bundesrepublik Deutschland.

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

- (3) **Erfüllungsort.** Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.

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

- (6) The Noteholders 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 Noteholders 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 to a material change in the substance of the Terms and Conditions in accordance with § 13(1) hereof.
- (7) Any notices concerning this Condition 13 will be made in accordance with §§ 5 et seq. of the SchVG and § 11.

§ 14 FINAL PROVISIONS

- (1) **Applicable Law.** Any and all legal relationships established under the Notes shall be governed by the laws of the Federal Republic of Germany.
- (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 shall be Frankfurt am Main, Federal Republic of Germany.

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

- (3) **Place of Performance.** Place of performance shall be Frankfurt am Main, Federal Republic of Germany.

(4) **Geltendmachung von Rechten.** Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin unter Vorlage der folgenden Dokumente im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen geltend machen: (a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den Gesamtnennbetrag der Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot dieses Anleihegläubigers gutgeschrieben sind, und (iii) bestätigt, dass die Depotbank dem Clearingsystem und der Hauptzahlstelle eine schriftliche Mitteilung zugeleitet hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearingsystems sowie des jeweiligen Clearingsystem-Kontoinhabers trägt, sowie (b) einer von einem Vertretungsberechtigten des Clearingsystems oder der Hauptzahlstelle beglaubigten Ablichtung der Globalurkunde.

§ 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.

§ 16 DEFINITIONEN-INDEX

In diesen Anleihebedingungen sind die folgenden Begriffe in den folgenden Paragraphen definiert:

"**Anleihegläubiger**" hat die in § 1(3) festgelegte Bedeutung.

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

"**Dauer-Globalurkunde**" hat die in § 1(2) festgelegte Bedeutung.

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

"**Endfälligkeitstag**" hat die in § 4(1) festgelegte Bedeutung.

"**Feststellungsperiode**" hat die in § 3(2) festgelegte Bedeutung.

(4) **Enforcement of Rights.** Any Noteholder may in any proceedings against the protect and enforce in its own name its rights arising under its Notes by submitting the following documents: (a) a certificate issued by its depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying the aggregate principal amount of Notes credited on the date of such certificate to such Noteholder's securities account maintained with such depositary bank and (iii) confirming that the depositary bank has given a written notice to the Clearing System as well as to the Principal Paying Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System account holder as well as (b) a copy of the Global Note certified by a duly authorised officer of the Clearing System or the Principal Paying Agent as being a true copy.

§ 15 LANGUAGE

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

§ 16 DEFINITION INDEX

In these Terms and Conditions the following terms are defined in the following conditions:

"**Noteholders**" has the meaning set out in § 1(3).

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

"**Permanent Global Note**" has the meaning set out in § 1(2).

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

"**Maturity Date**" has the meaning set out in § 4(1).

"**Determination Period**" has the meaning set out in § 3(2).

"**Geschäftstag**" hat die in § 5(2) festgelegte Bedeutung.

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

"**Gross-up-Ereignis**" hat die in § 4(2) festgelegte Bedeutung.

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

"**Kapitalmarktverbindlichkeit**" hat die in § 3(2) festgelegte Bedeutung.

"**Kündigungsgrund**" hat die in § 7(1) festgelegte Bedeutung.

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

"**Neue Emittentin**" hat die in § 12(1) festgelegte Bedeutung.

"**Qualifizierte Mehrheit**" hat die in § 13(2) festgelegte Bedeutung.

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

"**SchVG**" hat die in § 13(1) festgelegte Bedeutung.

"**Steuern**" hat die in § 6 festgelegte Bedeutung.

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

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

"**Zinsberechnungszeitraum**" hat die in § 3(2) festgelegte Bedeutung.

"**Zinslaufbeginn**" hat die in § 3(1) festgelegte Bedeutung.

"**Zinsperiode**" hat die in § 3(2) festgelegte Bedeutung.

"**Zinszahlungstag**" hat die in § 3(1) festgelegte Bedeutung.

"**Zusätzliche Beträge**" hat die in § 6 festgelegte Bedeutung.

"**Business Day**" has the meaning set out in § 5(2).

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

"**Gross-up Event**" has the meaning set out in § 4(2).

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

"**Capital Market Indebtedness**" has the meaning set out in § 3(2).

"**Event of Default**" has the meaning set out in § 7(1).

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

"**New Issuer**" has the meaning set out in § 12(1).

"**Qualified Majority**" has the meaning set out in § 13(2).

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

"**SchVG**" has the meaning set out in § 13(1).

"**Taxes**" has the meaning set out in § 6.

"**Temporary Global Note**" has the meaning set out in § 1(2).

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

"**Calculation Period**" has the meaning set out in § 3(2).

"**Interest Commencement Date**" has the meaning set out in § 3(1).

"**Interest Period**" has the meaning set out in § 3(2).

"**Interest Payment Date**" has the meaning set out in § 3(1).

"**Additional Amounts**" has the meaning set out in § 6.

GENERAL INFORMATION ON THE ISSUER AND THE TALANX GROUP

Overview

The Talanx Group is headed by the Hannover-based financial and management holding company Talanx AG: Its major shareholder is HDI Haftpflichtverband der Deutschen Industrie Versicherungsverein auf Gegenseitigkeit ("**HDI V.a.G.**"), a mutual insurance company.

Group companies transact the insurance lines and classes specified in the Ordinance Concerning the Reporting by Insurance Undertakings to the Federal Insurance Supervisory Office (*Verordnung über die Berichterstattung von Versicherungsunternehmen gegenüber der Bundesanstalt für Finanzdienstleistungsaufsicht - BerVersV*), in some cases in direct written insurance business and in some cases in reinsurance business, with various areas of specialisation: life insurance, accident insurance, liability insurance, motor insurance, aviation insurance (including space insurance), industrial legal protection insurance, fire insurance, burglary insurance, water damage insurance, plate glass insurance, windstorm insurance, comprehensive householders insurance, comprehensive homeowners insurance, hail insurance, livestock insurance, engineering insurance, omnium insurance, marine insurance, credit and surety business (reinsurance only), extended coverage for fire and fire loss of profits insurance, business interruption insurance, travel assistance insurance, aviation and space liability insurance, other property insurance, other indemnity insurance.

The Talanx Group is active in 150 countries altogether. In retail business Germany is one of Talanx Group's major markets, while internationally the principal focus lies with markets within the growth regions of Central and Eastern Europe as well as Turkey and Latin America. Industrial and especially reinsurance lines are also transacted in a number of other markets, including North America, South Africa, Australia and some Asian countries.

Talanx Aktiengesellschaft

Incorporation, Corporate Seat, Duration, Corporate Purposes and Regulation

Talanx Aktiengesellschaft ("**Talanx AG**" or the "**Issuer**" and, together with its consolidated subsidiaries, the "**Talanx Group**" or the "**Group**") was incorporated as a stock corporation under German law on 22 August 1991, in Hannover, Germany, under the name "HDI Lebensversicherung AG". Later, it became a holding company and was renamed "HDI Beteiligung Aktiengesellschaft". In 1998, the Issuer received its current name. The registered office of Talanx AG is at Riethorst 2, 30659 Hannover, Germany (Tel. +49 511 37470). The Issuer is registered with the Commercial Register of the Local Court (*Amtsgericht*) Hannover under registration number HRB 52546.

The duration of the Issuer is unlimited.

The corporate object of the Issuer, as laid out in the articles of association, is to lead an international group of companies, which are active in the areas of insurance and reinsurance as well as financial services. The Issuer is authorised to perform all transactions and to take all measures that appear suitable to pursue the corporate object. The Issuer may found, acquire, participate or sell shares in other entities of the same or similar nature as well as control such entities or limit its business operation to the administration of shareholdings. The Issuer may transfer all or parts of its business operations to affiliated entities.

Announcements of the Issuer are published in the electronic Federal Gazette of Germany (*elektronischer Bundesanzeiger*). Information for registered shareholders may be transmitted by electronic media.

Share Capital, Shares, Major Shareholders and Dividends

Share Capital

The issued share capital of the Issuer amounts to EUR 315.782.102,50 consisting of 252.625.682 no-par value registered shares (*auf den Namen lautende Stückaktien*). The shares are fully paid up.

Shares

As of 2 October 2012, the shares are admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) as well as on the regulated market segment (*regulierter Markt*) of the Hannover Stock Exchange.

At the Issuer's general meeting each share has one vote.

Major Shareholders

HDI V.a.G. (a mutual insurance company (*Versicherungsverein auf Gegenseitigkeit*)) is the major shareholder of Talanx AG and directly holds 82.3% of issued share capital and the voting rights of the Issuer. Meiji Yasuda Life Insurance Company, Tokyo, Japan with whom there has been a strategic alliance since 4 November 2010, holds 6.5% of the shares in the Issuer. The remaining 11.2% of the shares in Talanx AG are held in free float.

Dividends

Once the Board of Management and the Supervisory Board have approved the annual financial statements, they may allocate to other retained earnings a portion in excess of half the net income remaining after deduction of the amounts to be contributed to the statutory reserve and any loss carry-forward, provided the other retained earnings do not exceed half of the capital stock as a consequence of the allocation. In the resolution on the distribution of the distributable profit, the annual general meeting may allocate further amounts to retained earnings or carry them forward as profit. In case of partially paid in shares the dividend will be calculated according to the amount of the capital contribution that has been paid. For contributions paid during a financial year, the participation in profits can be specified as commencing on the date of payment of the contribution, moved back to the beginning of the current financial year or deferred until the beginning of the next financial year. With the consent of the Supervisory Board, the Board of Management may make a partial payment on the anticipated distributable profit to the shareholders upon completion of the financial year. Within the scope of the law, the general meeting may also resolve a dividend in kind in addition to or instead of a cash dividend.

History and Development of Talanx Group

The Issuer is the central holding company within the Talanx Group. Its major shareholder is HDI V.a.G., a mutual insurance company founded in 1903 as a self-help organisation by the German industry. Talanx AG is the only material participation of HDI V.a.G., the ultimate parent whose practically only function is – after restructuring and transferring all of its private and industrial insurance business into HDI Privat Versicherung AG (now: HDI Direkt Versicherung AG) and HDI Industrie Versicherung AG (now: HDI-Gerling Industrie Versicherung AG) in 2001 and 2003, respectively – the holding of the Talanx Group.

The Talanx Group consists of Talanx AG which holds all of the Talanx Group's operating subsidiaries (see Group chart below). The Talanx Group has consistently held and continues to hold a strong position in industrial insurance and other areas of property and casualty insurance, as well as in the reinsurance business through Hannover Rückversicherung AG ("**Hannover Re**").

Since the early 1990s, one of the Talanx Group's main strategic focuses has been to build up and develop its life and other personal insurance lines businesses and to expand its life and direct insurance operations internationally. This is in part due to the Talanx Group's desire to strengthen its activities outside of the highly competitive non-life insurance market in Germany and to balance the risk profile inherent in the Talanx Group's domestic business.

In order to finance its growth, the Talanx Group sold a part of its holding in Hannover Re in 1994 in the course of an initial public offering and another part in 2004 in the course of a secondary public offering. At the date of this Prospectus, Talanx AG holds a participation of 50.2% in Hannover Re.

In 1995, the Talanx Group acquired Citibank's insurance operations consisting of CiV Lebensversicherung AG (now: TARGO Lebensversicherung AG) and CiV Versicherung AG (now: TARGO Versicherung AG), and additionally other life insurance activities. Those activities were part of ASPECTA Lebensversicherung AG ("**ASPECTA Leben**"). Pursuant to a merger agreement dated 20 December 2010 ASPECTA Leben has been merged into HDI-Gerling Lebensversicherung AG with retroactive effect from 1 October 2010.

In 1998, the Talanx Group further increased its bank insurance activities by entering into an exclusive long-term cooperation agreement with Deutsche Postbank AG. In 2002, another long-term cooperation agreement was concluded with the Hungarian postal service, Magyar Posta Rt. In the course of such cooperation, a life insurance company and a property/casualty insurance company were established in Budapest, Hungary. These companies market their products through the sales and marketing channels of the Hungarian postal service. The majority of shares (67%) of these companies are held by Talanx International AG. The remaining 33% are held by Magyar Posta Rt.

In 2004, the Talanx Group acquired 60% less one share of neue leben Holding AG, an insurance group that operates in the life and personal accident segment and mainly sells its products via German saving banks. As of the date of this Prospectus, Talanx AG holds, through its subsidiary Talanx Deutschland AG, 67.5% less one share of neue leben Holding AG.

In 2006 Talanx acquired Gerling Beteiligungs-GmbH and its subsidiaries ("**Gerling Group**"), which has been active in property/casualty insurance as well as in life insurance. The Gerling Group writes both retail and customers as well as with commercial and industrial lines.

With a view to align the organisation of the Group's primary business with customers' requirements and enhancing customer satisfaction, the previous two-way business unit split into "Property/Casualty Primary Insurance" and "Life Primary Insurance" was replaced in the Talanx Group effective 1 January 2011 with a three-way split geared to customer groups:

1. On 1 January 2011 Talanx Deutschland AG (formerly HDI-Gerling Leben Serviceholding AG) commenced operations as the umbrella company for the new division of Retail Germany.
2. At the same time the Retail International division was grouped below Talanx International AG (formerly HDI-Gerling International Holding AG). Even though both divisional companies operate under the Talanx name, they will continue to operate with their respective brands.
3. The division of the Industrial Lines will continue to be headed by HDI-Gerling Industrie Versicherung AG ("**HDI Gerling Industrie**").

On 17 August 2011 PVI Holdings (formerly Petrovietnam Insurance Joint Stock Corporation – PVI) and Talanx Group entered into a strategic partnership for the Vietnamese insurance market. Under the agreement HDI-Gerling Industrie acquired a 25% stake of PVI Holdings' share capital. In July 2012, HDI-Gerling Industrie increased its holding in PVI from 25% to 31.82% in connection with a

capital increase. PVI is a leading non-life and industrial insurer in Vietnam and listed on the Hanoi Stock Exchange.

On January 1, 2012 (closing date), Talanx International AG and HDI Seguros Mexico acquired 100% of the shares in Metropolitana Compañía de Seguros, which is active primarily in motor insurance and, to a lesser extent, in other property/casualty, health and life insurance in Mexico. The company was consolidated for the first time in the first quarter of 2012.

On 19 January 2012, Talanx International AG and Talanx AG signed an agreement with Belgian insurer KBC, as amended on 28 June 2012, under which Talanx International AG agreed to acquire, and KBC agreed to sell, 100% of the shares in the Polish insurance group TUiR WARTA for an initial purchase price of EUR 770 million. TUiR WARTA's subsidiaries include the life insurance company Towarzystwo Ubezpieczeń na Życie WARTA S.A. In the context of the acquisition it was agreed that Meiji Yasuda Life would acquire 30% of these shares from Talanx. The acquisition of 100% of the shares by Talanx from KBC closed on 1 July 2012, while the re-sale of 30% from Talanx to Meiji Yasuda Life closed on 3 July 2012. According to the agreements, the initial purchase price was subject to adjustments. The total purchase price increase resulting from these adjustments amounts to EUR 72 million (of which EUR 50 million are to be borne by the Group and EUR 22 million are to be borne by Meiji Yasuda Life).

On 15 May 2012, HDI-Gerling Industrie closed on the formation of a joint venture with NBFC Magma Fincorp. In connection with this transaction, HDI-Gerling Industrie directly acquired 25.5% of the shares of the Indian insurance company Magma HDI General Insurance Company Limited, Calcutta ("**Magma HDI**"), for a purchase price equivalent to EUR 24 million. Together with NBFC Magma Fincorp, this company handled property and liability insurance business starting from the third quarter of 2012.

On 1 June 2012, Talanx International AG acquired a majority shareholding of 50% plus one share in the Polish insurance company TU Europa, subsequent to a public tender offer launched by Talanx International AG and Talanx's Japanese cooperation partner Meiji Yasuda on 14 December 2011 for the acquisition of 100% of the shares in TU Europa. Following the completion of the tender offer and the closing of the transaction on 1 June 2012, Talanx International AG is now the majority shareholder in TU Europa with a stake of 50% plus one share. After the closing of the transaction, a squeeze-out of the remaining shareholders in TU Europa (other than Getin Holding S.A.) as a consequence of which Meiji Yasuda Life acquired the remaining outstanding shares had been initiated, as well as a delisting of TU Europa from the Warsaw Stock Exchange. The squeeze-out has been completed on 25 July 2012, giving Meiji Yasuda Life a minority stake of 33.46% in TU Europa's share, while Getin Holding S.A. has retained a 16.54% stake. The delisting has been completed in the fourth quarter of 2012. TU Europa was consolidated by the Talanx Group for the first time in the second quarter of 2012.

The Issuer is responsible for supporting the Talanx Group's business strategy by managing its participations and providing access to the capital markets.

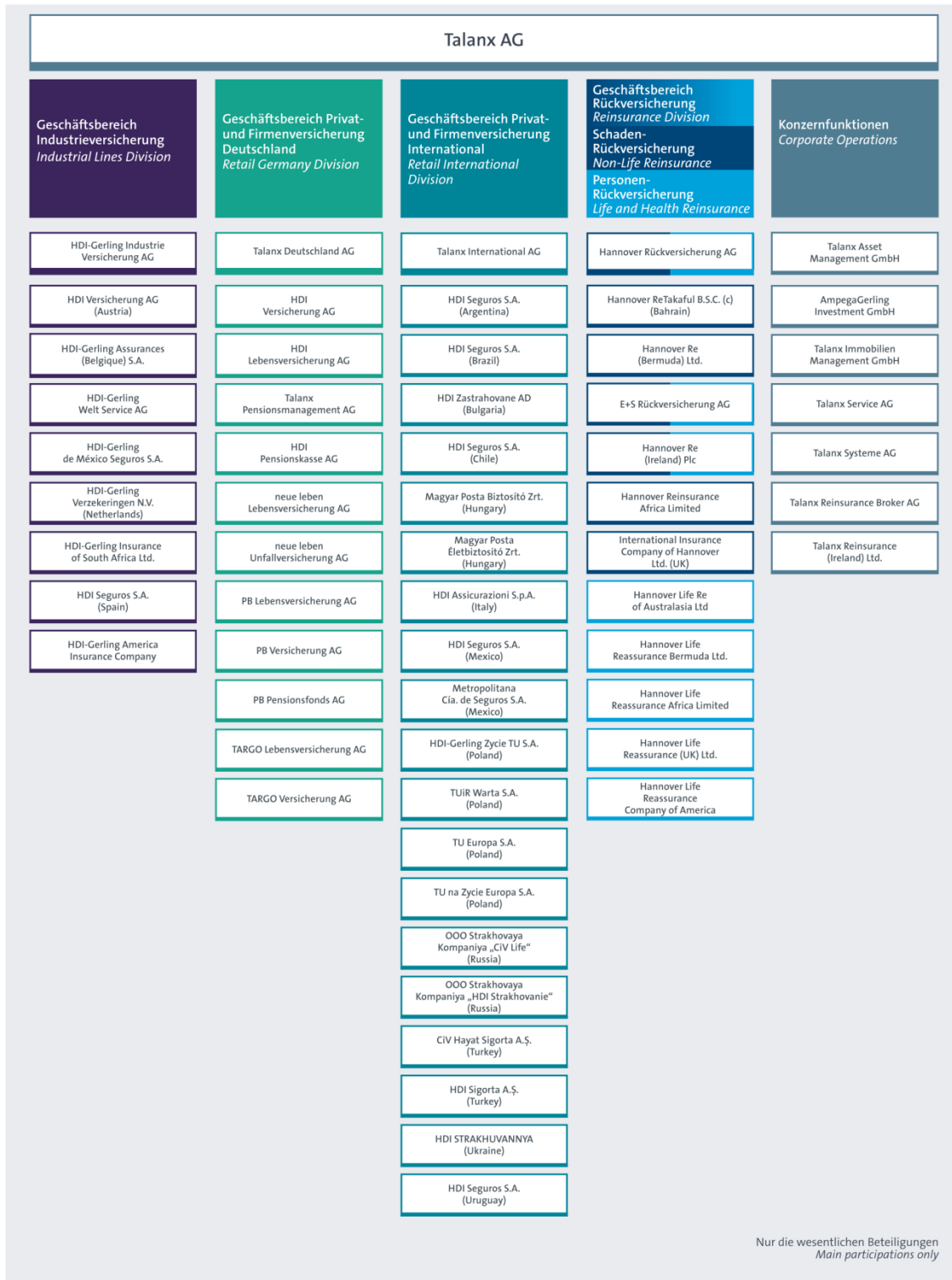
The Issuer's Business

Overview of the Business Divisions

The activities of the Talanx Group subsidiaries are organised in six business divisions: Industrial Lines, Retail Germany, Retail International, Non-Life Reinsurance, Life/Health Reinsurance and Corporate Operations.

The following chart provides an overview of the organisational structure and business divisions of the Talanx Group as of 31 December 2012 including its major subsidiaries:

Konzernstruktur
Group structure



Nur die wesentlichen Beteiligungen
Main participations only

Industrial Lines

The Industrial Lines division is led by HDI-Gerling Industrie. The company offers individual products and services to its customers from eleven locations in Germany. Through subsidiaries, dependent branches in more than 30 countries and network partners, the company is active at a worldwide level. As an internationally operating industrial insurer, HDI-Gerling Industrie provides worldwide support to its customers with individual solutions. The product range extends from liability, motor, accident, fire and property insurance to marine, special lines and engineering insurance. HDI-Gerling Industrie's industrial customers in Germany and abroad benefit from long lasting experience in risk assessment and risk management. Comprehensive insurance solutions are assembled on the basis of customised coverage concepts aiming at the protection against entrepreneurial risks. In addition, HDI-Gerling Industrie has many years of expertise in professional claims management, so that assistance can be provided worldwide within a short period of time.

Retail Germany

The Retail Germany division brings together Talanx's German business with private and commercial customers as well as all German bancassurance activities, and offers domestic retail customers comprehensive insurance protection. In the life insurance sector, the division also engages in cross-border activities in Austria. Since December 2010, the name of the new divisional company is Talanx Deutschland AG. The product range extends from non-life insurances through all lines of retirement provision to complete solutions for small and mid-sized enterprises as well as freelance professions. In this context, all distribution channels are available – both a tied agents' network as well as sales through independent intermediaries and multiple agents, direct sales and bancassurance co-operations. This organisation ensures clear assignment of responsibilities and puts in place the foundation for operations spanning the previous line-based boundaries between property/casualty and life insurance products. This multi-line perspective aims at improvements of processes and services.

Retail International

The Group's Retail International division brings together the activities of the companies transacting retail business in property/casualty insurance, life insurance and bancassurance abroad and serves more than eight million customers in twelve countries. The division is led by Talanx International AG. In this division, the Talanx Group offers private and commercial customers abroad comprehensive insurance protection. The product range encompasses *inter alia* motor insurance, property and casualty insurance, marine and fire insurance as well as various offerings in the life insurance sector. The division has an experienced management and considerable underwriting expertise. By drawing upon local, industry-specific know-how and presence through an extended distribution network, the Talanx Group is able to identify the particular requirements of its customers abroad and provide customised solutions. The foreign business is to a large extent written through brokers and agents. In addition, many of the companies also use post offices and banks as a sales channel in this division.

Reinsurance Business

Non-Life Reinsurance

The major part of the Non-Life Reinsurance division in the Talanx Group is operated by the Hannover Re Group. The Hannover Re Group maintains reinsurance business relations with more than 5,000 insurance companies in around 150 countries; its infrastructure consists of more than 100 subsidiaries and affiliates, branches and representative offices in around 20 countries. It employs approximately 2,200 staff. In the Non-Life Reinsurance division, the Talanx Group does not pursue any growth targets, but instead focusses on rate movements: if the rate situation is

favourable, the Talanx Group expands its business, and it scales back its portfolio if prices are not commensurate with the risks.

Life/Health Reinsurance

The Group's Life/Health Reinsurance division brings together the reinsurance activities in the life, annuity and health lines under the worldwide Hannover Re brand name. In addition, the Talanx Group also writes the accident line in this division to the extent that it is transacted by life insurers, as well as some Islamic insurance products.

Corporate Operations

Talanx Asset Management

Talanx Asset Management GmbH, in cooperation with the subsidiary Ampega-Gerling Investment GmbH and Talanx Immobilien Management GmbH, is primarily responsible for the management and the administration of the Group companies' securities and properties portfolios, and performs associated services such as investment bookkeeping and reporting.

As an investment company (*Kapitalanlagegesellschaft*), Ampega-Gerling Investment GmbH administers public and special funds and performs financial portfolio management for institutional customers. The emphasis is on the portfolio management and the administration of investments for customers outside the Group. In addition to retail business, the company engages in institutional business with third-party customers and – on the basis of its expertise – positions itself as an outsourcing partner for third-party insurers.

Talanx Reinsurance Broker

Talanx Reinsurance Broker AG ("**TRB**") is allocated to the Corporate Operations division within the Talanx Group and is wholly owned by Talanx AG. The company acts as advisor and broker for reinsurance cessions (non-life business) of the Talanx Group. Its core business consists of providing the Talanx Group's primary insurers with comprehensive advice on all aspects of outward composite reinsurance. TRB handles the reinsurance business process for the Group cedants to the extent necessary in each particular case. From portfolio analysis and advising on the structuring of reinsurance programmes to administration and run-off of the placed reinsurance arrangements, specialised teams develop and support solutions that help the Group cedants to achieve their business objectives.

Talanx Reinsurance (Ireland) Ltd.

Based in Dublin, Ireland, Talanx Reinsurance (Ireland) Ltd. became active only recently, but is expected by the Company to become a more active Group internal reinsurer which can help to decrease the Group's capital costs, in particular through the exploitation of diversification effects, and increase the amount of coverage the Group retains by writing reinsurance coverage for other Talanx companies, all of which the Group believes will help to ensure the efficient utilisation of Group capital. This company is a wholly-owned subsidiary of Talanx AG.

Material Contracts

EUR 700,000,000 Single Currency Revolving Facility Agreement dated 21 December 2011

On 21 December 2011, Talanx AG, The Royal Bank of Scotland PLC as facility agent, certain other financial institutions as lenders and others entered into a single currency revolving facility agreement, pursuant to which the lenders made available to Talanx AG and members of the Talanx Group a revolving credit facility in the amount of EUR 650,000,000 for a period of five years, which was increased by a further amount of EUR 50,000,000 in March 2012 (in connection with the

accession of HSBC Trinkhaus Burkhardt AG as additional lender). Each loan may be used for the Talanx Group's general corporate purposes. The borrower has to pay interest in arrears at a rate amounting to the aggregate of the applicable margin, EURIBOR and mandatory costs. The initial margin is set at 0.55% per annum and will subsequently be adjusted on the basis of Talanx AG's credit rating (i.e. between a minimum margin of 0.35% per annum if the credit rating is A+ or better and a maximum margin of 0.75% per annum if Talanx AG's credit rating is BBB+ or lower).

The lenders may, *inter alia*, terminate the agreement upon the occurrence of change of control, i.e., if any person or group of persons acting in concert other than HDI V.a.G. gains direct or indirect control over more than 50% of Talanx AG's voting shares or capital. Furthermore the agreement obliges Talanx AG to prepay loans in an amount equal to the net proceeds it gains from the disposal of shares in Hannover Rückversicherung AG to a third party (if and to the extent they exceed EUR 50,000,000 per annum, or EUR 100,000,000 in aggregate during the term of this agreement), provided the disposal results in a reduction of its shareholding in Hannover Rückversicherung AG below 50% (or if already reduced below 50%, further reduces Talanx's shareholding). The agreement also provides that the lenders may terminate the agreement if Talanx AG or its material subsidiaries fail to pay financial indebtedness when due, unless the amount is below EUR 20,000,000 (cross default).

Talanx AG has guaranteed the obligations under the loan agreement. In addition, the agreement provides for certain customary restrictions (so called covenants) which, *inter alia*, limit the ability of the Talanx Group in respect of disposals, mergers and the creation of security interests on its assets (negative pledge).

EUR 500,000,000 Multicurrency Revolving Facility Agreement dated 13 July 2011

On 13 July 2011, Talanx AG, Barclays Bank PLC as facility agent, certain other financial institutions as lenders and others entered into a multicurrency revolving facility agreement, pursuant to which the lenders made available to Talanx AG and members of the Talanx Group a revolving credit facility in the amount of EUR 500,000,000 for a period of five years. The facility can be drawn in Euro, US-Dollar, or any other currency which has been previously approved by the facility agent. Each loan may be used for the Talanx Group's general corporate purposes. The borrower has to pay interest in arrears at a rate amounting to the aggregate of the applicable margin, EURIBOR/LIBOR and mandatory costs. The initial margin is set at 0.55% per annum and will subsequently be adjusted on the basis of Talanx AG's credit rating (i.e. between a minimum margin of 0.35% per annum if the credit rating is A+ or better and a maximum margin of 0.75% per annum if Talanx AG's credit rating is BBB+ or lower).

The lenders may, *inter alia*, terminate the agreement upon the occurrence of change of control, i.e., if any person or group of persons acting in concert other than HDI V.a.G. gains direct or indirect control over more than 50% of Talanx AG's voting shares or capital. Furthermore the agreement obliges Talanx AG to prepay loans in an amount equal to the net proceeds it gains from the disposal of shares in Hannover Re to a third party (if and to the extent they exceed EUR 50,000,000 per annum, or EUR 100,000,000 in aggregate during the term of this agreement), provided the disposal results in a reduction of its shareholding in Hannover Rückversicherung AG below 50% (or if already reduced below 50%, further reduces Talanx's shareholding). The agreement also provides that the lenders may terminate the agreement if Talanx AG or its material subsidiaries fail to pay financial indebtedness when due, unless the amount is below EUR 20,000,000 (cross default).

Talanx AG has guaranteed the obligations under the loan agreement. In addition, the agreement provides for certain customary restrictions (so called covenants) which, *inter alia*, limit the ability of the Talanx Group in respect of disposals, mergers and the creation of security interests on its assets (negative pledge).

Convertible Note subscribed to by Meiji Yasuda

On 4 November 2010, Talanx AG, HDI V.a.G. and Meiji Yasuda Life Insurance Company, Tokyo ("Meiji Yasuda") concluded a subscription and conversion agreement relating to a convertible perpetual subordinated note in the principal amount of EUR 300,000,000 issued by Talanx AG. This agreement forms part of the parties' plan to enter into a capital and business cooperation with Meiji Yasuda. The conditions of the note are structured in such way as to ensure recognition as regulatory Tier 1 capital (equity substitute) – also under the rules of Solvency II. The note in the principal amount of EUR 300,000,000 has been converted into 16.393.442 new shares in Talanx AG following the admission to trading of Talanx AG's share capital on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) as well as on the regulated market segment (*regulierter Markt*) of the Hannover Stock Exchange.

Litigation and Arbitration Proceedings

The companies of the Talanx Group participate in judicial and extra-judicial proceedings in Germany and abroad both as plaintiffs or petitioners and as defendants or respondents. The outcome of these proceedings is more or less uncertain. Please note that the proceedings described below do not include disputes related to insurance contracts written by the companies of the Talanx Group in the ordinary course of business and that only those proceedings deemed to be of material interest in the context of this prospectus are explicitly mentioned.

Appraisal Proceeding

In 2007, the Talanx Group completed the squeeze-out of the minority shareholders of then Gerling-Konzern Allgemeine Versicherungs-AG, which was later merged into HDI-Gerling Industrie Versicherung AG. Former minority shareholders applied for a court review of the appropriateness of the cash compensation in an appraisal proceeding (*Spruchverfahren*), which is pending at the District Court (*Landgericht*) of Cologne. The management believes that a claim to increase the cash compensation is without merit. In the event that the courts were to determine a higher cash compensation, this would affect all of the approximately 10 million shares that were formerly held by minority shareholders.

Board of Management

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

Name	Position and Responsibilities within the Board of Management	Principal outside activity
Herbert K. Haas	Chairman/ Corporate Development Investor Relations Public Relations Legal Affairs Internal Auditing Executive Staff Functions/ Compliance	None

Dr. Christian Hinsch	Deputy Chairman/ Industrial Division Human Resources Reinsurance Purchasing Facility Management	None
Torsten Leue	Member/ Retail international	None
Dr. Thomas Noth	Member/ Information Technology	None
Dr. Immo Querner	Member/ Finance/Participating Interests/ Real Estate Accounting/Taxation Treasury Risk Management Controlling Investments Collections	None
Dr. Heinz-Peter Roß	Member/ Retail Germany Business Organization	None
Ulrich Wallin	Member/ Reinsurance	None

The Issuer has not been notified and has otherwise not been informed by any of the members of the Board of Management named above about any potential conflicts of interest between the obligations of the persons towards the Issuer and their own interests or other obligations. The business address of the members of the Board of Management is Riethorst 2, 30659 Hannover, Germany.

Supervisory Board

The Supervisory Board consists of 16 members. At present, it is made up as follows:

Name	Position within Supervisory Board	Principal outside activity
Wolf-Dieter Baumgartl	Chairman	None
Ralf Rieger	Deputy Chairman	Employee, HDI-Gerling Vertrieb Firmen und Privat AG
Prof. Dr. Eckhard Rohkamm	Deputy Chairman	None
Antonia Aschendorf	Member	Attorney at law
Karsten Faber	Member	Managing Director, Hannover Rückversicherung AG, E+S Rückversicherung AG
Jutta Hammer	Member	Employee, HDI-Gerling Leben Betriebservice GmbH

Gerald Herrmann	Member	Trade union secretary
Dr. Thomas Lindner	Member	Chairman of the Board of Management of Groz-Beckert KG
Jutta Mück	Member	Employee, HDI-Gerling Industrie Versicherung AG
Otto Müller	Member	Employee, Hannover Rückversicherung AG
Dr. Hans-Dieter Petram	Member	None
Dr. Michael Rogowski	Member	Chairman of the Foundation Council of Hanns-Voith-Stiftung
Katja Sachtleben-Reimann	Member	Employee, Talanx Service AG
Dr. Erhard Schipporeit	Member	None
Prof. Dr. Ulrike Wendeling-Schröder	Member	Professor at Leibniz University
Werner Wenning	Member	None

The Issuer 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 Issuer and their own interests or other obligations.

The business address of the members of the Supervisory Board is Riethorst 2, 30659 Hannover, Germany.

Financial Year and Annual General Meeting

The financial year of the Issuer is the calendar year.

In accordance with the articles of association of the Issuer, the annual general meeting of the Issuer takes place within the first eight months after the conclusion of each financial year.

Auditors

The auditors of the Issuer are KPMG AG Wirtschaftsprüfungsgesellschaft, Osterstrasse 40, 30159 Hannover, Germany ("**KPMG**"). KPMG is a member of the German Chamber of Auditors (*Wirtschaftsprüferkammer*). The consolidated annual financial statements of the Issuer as of 31 December 2011 and 31 December 2010 and the annual financial statements of the Issuer as of 31 December 2011 and 31 December 2010 were audited by KPMG and the auditors have issued in each case an unqualified auditors' certificate.

Recent Developments/Trend Information

Recent Developments

Acquisition of Metropolitana Compañía de Seguros

On January 1, 2012 (closing date), Talanx International AG and HDI Seguros Mexico acquired 100% of the shares in Metropolitana Compañía de Seguros, which is active primarily in motor

insurance and, to a lesser extent, in other property/casualty, health and life insurance in Mexico. The company was consolidated for the first time in the first quarter of 2012.

Joint Venture in India

On 15 May 2012, HDI-Gerling Industrie closed on the formation of a joint venture with NBFC Magma Fincorp. In connection with this transaction, HDI-Gerling Industrie directly acquired 25.5% of the shares of the Indian insurance company Magma HDI, for a purchase price equivalent to EUR 24 million. Together with NBFC Magma Fincorp, this company handled property and liability insurance business starting from the third quarter of 2012.

Acquisition of Warta Group

On 19 January 2012, Talanx International AG and Talanx AG signed an agreement with Belgian insurer KBC, as amended on 28 June 2012, under which Talanx International AG agreed to acquire, and KBC agreed to sell, 100% of the shares in the Polish insurance group TUIR WARTA for an initial purchase price of EUR 770 million. TUIR WARTA's subsidiaries include the life insurance company Towarzystwo Ubezpieczeń na Życie WARTA S.A. In the context of the acquisition it was agreed that Meiji Yasuda Life would acquire 30% of these shares from Talanx. The acquisition of 100% of the shares by Talanx from KBC closed on 1 July 2012, while the re-sale of 30% from Talanx to Meiji Yasuda Life closed on 3 July 2012. According to the agreements, the initial purchase price was subject to adjustments. The total purchase price increase resulting from these adjustments amounts to EUR 72 million (of which EUR 50 million are to be borne by the Group and EUR 22 million are to be borne by Meiji Yasuda Life). The legal merger of HDI Asekuracja TU S.A. and TUIR WARTA closed on 28 December 2012. As a result of the merger, the Talanx share in Warta increased from 70% to 75%.

Acquisition of TU Europa

On 1 June 2012, Talanx International AG acquired a majority shareholding of 50% plus one share in the Polish insurance company TU Europa, subsequent to a public tender offer launched by Talanx International AG and Talanx's Japanese cooperation partner Meiji Yasuda on 14 December 2011 for the acquisition of 100% of the shares in TU Europa. Following the completion of the tender offer and the closing of the transaction on 1 June 2012, Talanx International AG is now the majority shareholder in TU Europa with a stake of 50% plus one share. After the closing of the transaction, a squeeze-out of the remaining shareholders in TU Europa (other than Getin Holding S.A.) as a consequence of which Meiji Yasuda Life acquired the remaining outstanding shares had been initiated, as well as a delisting of TU Europa from the Warsaw Stock Exchange. The squeeze-out has been completed on 25 July 2012, giving Meiji Yasuda Life a minority stake of 33.46% in TU Europa's share, while Getin Holding S.A. has retained a 16.54% stake. The delisting has been completed in the fourth quarter of 2012. TU Europa was consolidated by the Talanx Group for the first time in the second quarter of 2012.

Incident involving the Costa Concordia cruise ship

The incident involving the Costa Concordia cruise ship will result in a major loss for Hannover Rückversicherung AG. The loss expenditure from marine hull insurance will be in the region of EUR 30 million for the company's net account. The amount of liability claims are currently difficult to assess. The assumption is that a market loss running into triple-digit millions of euros could result. The total loss for Hannover Rückversicherung AG could therefore be in the mid-double-digit million euro range.

Hurricane Sandy

Talanx AG quantifies the net claims burden related to hurricane "Sandy", which hit the US East Coast on 29 October 2012, at EUR 306 million for the entire Group (including Hannover Re). Due to the very moderate occurrence of major losses in 2012, Talanx Group's budget for claims of this kind is sufficient. Therefore, the effect of hurricane "Sandy" on Talanx Group's full-year results remains in line with expectations.

Initial Public Offering

Since 2 October 2012, the shares of the Issuer are listed on the regulated markets of the Frankfurt Stock Exchange and the Hannover Stock Exchange. In the context of the initial public offering of Talanx AG, Deutsche Bank, acting for the account of the underwriters, fully exercised the greenshoe option on 8 October 2012. The greenshoe option comprised 2.732.240 shares which were allocated to the syndicate banks for overallocments. Talanx has generated additional gross proceeds of EUR 50 million from the fully exercised greenshoe option. The total size of the transaction thus amounted to EUR 817 million including the EUR 300 million subordinated bond held by Meiji Yasuda Life Insurance which was converted into shares of Talanx AG at the IPO price. Since 12 December 2012 the Talanx shares traded in the MDAX.

Issuance of bonds in November 2012 by subsidiary of Hannover Re

On 20 November 2012, Hannover Finance (Luxembourg) S.A., a subsidiary of Hannover Re, has issued EUR 500 Mio. subordinated fixed to floating rate callable bonds in the denomination of € 100,000 each.

The bonds have the benefit of an irrevocable guarantee on a subordinated basis of Hannover Re.

The bonds are scheduled to be redeemed in 2043 but may be subject to early redemption for the first time on 30 June 2023.

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 Eurozone 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.

Outlook

The overall growth experienced by the Talanx Group over the past two years continued in 2012 until the date of this Prospectus. However, in view of the current uncertainty on the capital markets, the Company believes the current sovereign debt and financial market crisis to be one of the main challenges in the short term. The Eurozone's economy is likely to remain overshadowed by the sovereign debt crisis, and it may also contract in the remainder of the year. In the Company's opinion, Spain will play a key part in overcoming the euro debt crisis, owing to its size and its importance within the Eurozone. The easing of the sovereign debt crisis is therefore likely to depend on Spain's further economic development, the political actions taken in this respect and on how they are perceived on the market. Significant challenges for the Group's business and financial condition are also likely to arise from the ongoing low interest rate environment. This includes an increase of the additional interest rate reserve (*Zinszusatzreserve*), which the Company expects for 2012. Talanx is evaluating the impact of the low interest rate environment on the Group's future financial statements on an ongoing basis and cannot rule out future earnings and balance sheet effects.

As a result of the Group's recent acquisitions in Poland, Mexico and Vietnam, a more challenging interest rate and credit environment as well as certain model improvements, the Company expects that the risk-related and insurance-specific key performance and financial indicators ("solvency capital required", "own funds", "capital adequacy ratio" and "market-consistent embedded value"), which are available only as of December 31, 2011, are likely to change. Despite the operating profit (EBIT) in the six-month period ended June 30, 2012, the economic solvency position as expressed in the key performance indicators "solvency capital required" and "capital adequacy ratio" is likely to be lower than at year end 2011.

For 2013, the Company is aiming for organic growth of its gross written premium on a consolidated basis that is in line with the rates of increase posted over the past two years. The segments Industrial Lines and Retail International are expected by the Company to play a particularly prominent part in achieving this aim. The Company believes that this will be achieved via significant internal growth, as well as selected bolt-on acquisitions in target markets, if opportunities arise. In addition, the Issuer estimates that its group net income will further increase in 2013.

As of 30 September 2012, the Group's return on equity, which is calculated as (i) annualised net profit after taxes excluding non-controlling interests divided by (ii) average shareholders' equity excluding non-controlling interests (in each case in accordance with IFRS), was 12.2% on the basis of the consolidated interim financial statements as of 30 September 2012. The IPO has led to an increase of Talanx Group's shareholders' equity. Therefore, the Talanx Group estimates that its return on equity will be slightly lower in 2013.

Talanx Group's outlook is based on the following assumptions:

- no severe turbulences on the capital markets
- no material currency fluctuations
- no major losses exceeding its budget.

Significant Changes

There has been no significant change in the financial or trading position of the Issuer since 30 September 2012.

Trend Information

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 Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular noteholder. 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 Notes.

Prospective holders of Notes ("Noteholders") should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Notes, 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 Notes 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 Notes as private assets

Taxation of income from the Notes

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes 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 Notes. The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Notes 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 Notes. 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 Notes 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 Notes held as private assets are tax-recognised irrespective of the holding period of the Notes. 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 Notes 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 Notes are also subject to the 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, if the Notes are kept or administered by a Domestic Paying Agent effecting the sale or redemption from the time of their acquisition. If the Notes 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 Notes as business assets

Taxation of income from the Notes

If the Notes 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 Notes 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 Notes will generally be tax-recognised and may generally be offset by income subject to certain limitations.

Withholding tax

If the Notes 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 Notes which is derived by German resident corporate investors and, upon application, by individual investors holding the Notes as business assets, subject to certain requirements.

Any losses incurred from the disposal or redemption of the Notes 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 Notes. The income from the Notes 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 Noteholders

Income derived from the Notes 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 Notes 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 Notes 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 Notes or interest coupons (so-called over-the-counter transaction, *Tafelgeschäfte*).

If the income derived from the Notes 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 Notes to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), had its seat or place of management in Germany at the time of the transfer of property;
- (ii) except as provided under (i), the testator's or donor's Notes belong to a business asset attributable to a permanent establishment or a permanent representative in Germany.

Special regulations apply to certain German expatriates.

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

Other taxes

The purchase, sale or other disposal of Notes 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 Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

Taxation in the Grand Duchy of Luxembourg

The comments below do not relate to any form of Luxembourg taxation other than taxation withheld at source with respect to the Notes.

Withholding tax and self-applied tax

Taxation of non-residents

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Under the Luxembourg laws dated 21 June 2005 implementing the Council Directive 2003/48/EC (the "**Savings Directive**") and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union ("**EU**"), a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident or a residual entity established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or, in case of an beneficiary, for the tax certificate procedure. "Residual entities" within the meaning of Article 4.2 of the Savings Directive are entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the 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 recognized in accordance with Council Directive 85/611/EEC as replaced by 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.

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

Taxation of residents

In accordance with the law of 23 December 2005, as amended by the law of 17 July 2008, on the introduction of a withholding tax on certain interest payments on savings income, interest on Notes paid by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to 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 Council Directive 85/611/EEC as replaced by Council Directive 2009/65/EC or for the exchange of information regime) are subject to a 10 per cent withholding tax.

Interest on Notes paid by Luxembourg paying agent to residents of Luxembourg which are neither individuals nor residual entities will not be subject to any withholding tax.

Pursuant to the Luxembourg law of 23 December 2005 as amended by the law of 17 July 2008, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in an EU Member State other than Luxembourg, a Member State of the European Economic Area other than an EU Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive.

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

SUBSCRIPTION AND SALE OF THE NOTES

General

Pursuant to a subscription agreement dated 11 February 2013 (the "**Subscription Agreement**") among the Issuer and 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 Notes on 13 February 2013. Subsidiaries of the Issuer may purchase up to € 250 million in aggregate principal amount of the Notes during the initial offering. 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 Notes.

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

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 its affiliates and may perform services for them, for which the 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 Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Manager has represented and agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

United States of America and its Territories

The Notes has not been and will not be registered under the Securities Act, and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or its possessions or to U.S. persons. Each 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 Notes 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 Notes, an offer or sale of Notes 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 Manager has represented, warranted and agreed that:

- (a) in relation to any Notes 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 Notes 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 Notes 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 any 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 the Notes 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 Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

1. **Authorisations:** The creation and issue of the Notes has been authorised by a resolution of the Board of Management (*Vorstand*) of the Issuer on 14 January 2013 and by a resolution of the Supervisory Board (*Aufsichtsrat*) on 28 January 2013.
2. **Expenses of admission to trading:** The total expenses of the admission to trading are expected to amount to € 10,000.
3. **Litigation:** Save as disclosed under "*General information on the Issuer and the Talanx Group – Litigation and Arbitration Proceedings*" and "*General information on the Issuer and the Talanx Group – Litigation and Arbitration Proceedings*" there are no governmental, legal or arbitration proceedings against or affecting the Issuer 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 and/or the Talanx Group, and, as far as the Issuer is aware, no such governmental, legal or arbitration proceedings are pending or threatened.
4. **Clearing System:** Payments and transfers of the Notes will be settled through Clearstream Banking AG, 60485 Frankfurt am Main.

The Notes have the following securities codes:

ISIN: DE000TLX2003

Common Code: 088941705

German Securities Code (*WKN*): TLX200

5. **Luxembourg Listing and Admission to Trading:** Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
6. **Notices to Noteholders:** For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange, all notices to the Noteholders regarding the Notes 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 Notes to the Clearing System for communication by the Clearing System to the Holders.
7. **Documents on Display:** For so long as any Note is outstanding, copies of the following documents may be inspected in physical form during normal business hours at the registered office of the Issuer
 - (a) the articles of association of the Issuer;
 - (b) this Prospectus; and
 - (c) 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).

8. **Yield:** For the subscribers, the yield of the Notes 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.

9. **Expected rating of the Notes:** The expected rating of the Notes is "A-" from S&P.²

² S&P defines "A-" as follows:

"An obligation rated 'A-' exhibits strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances."

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

The office issuing and elaborating the rating was a registered branch of Standard & Poor's Credit Market Services Europe Limited which is, to the Issuer'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 on ESMA's homepage under www.esma.europa.eu/page/List-registered-and-certified-CRAs).

DOCUMENTS INCORPORATED BY REFERENCE

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 Annual Report of the Issuer for the fiscal year ended 31 December 2011 (the "**2011 Fiscal Year**") and (ii) the Annual Report of the Issuer for the fiscal year ended 31 December 2010 (the "**2010 Fiscal Year**"), (iii) the Annual Report of the Talanx Group for the 2011 Fiscal Year, (iv) the Annual Report of the Talanx Group for the 2010 Fiscal Year and (v) the unaudited Interim Report for the nine-month period ended 30 September 2012 ("**Q3/2012**").³

- (1) Extracted from: Talanx Aktiengesellschaft – Annual Report 2011
 - Balance sheet as at 31 December 2011 pages 56-58
 - Income Statement page 58
 - Notes pages 59-82
 - Auditor's report page 83
- (2) Extracted from: Talanx Aktiengesellschaft – Annual Report 2010
 - Balance sheet as at 31 December 2010 pages 54-55
 - Profit and loss account for the 2010 financial year page 56
 - Notes pages 57-82
 - Auditor's report page 83
- (3) Extracted from: Talanx Group – Group Annual Report 2011
 - Consolidated balance sheet as at 31 December 2011 pages 124-125
 - Consolidated statement of income page 126
 - Consolidated statement of comprehensive income page 127
 - Consolidated statement of changes in equity page 128
 - Consolidated cash flow statement page 129
 - Notes on the consolidated cash flow statement page 130
 - Notes pages 131-291
 - Auditor's report⁴ page 292

³ The documents incorporated by reference with respect to the Issuer and the Group are in the English language.

⁴ The auditor's report refers to the consolidated financial statements and group management report as a whole and not solely to the extracts under (3).

- (4) Extracted from: Talanx Group – Group Annual Report 2010
- Consolidated balance sheet as at 31 December 2010 pages 108-109
 - Consolidated statement of income page 110
 - Consolidated statement of comprehensive income..... page 111
 - Consolidated statement of changes in equity..... page 112
 - Cash flow statement..... page 113
 - Notes on the cash flow statement page 114
 - Notes pages 115-263
 - Auditor's report⁵ page 264
- (5) Extracted from: Talanx Group – Unaudited Interim Report 3/2012
- Consolidated balance sheet as at 30 September 2012
(unaudited)..... pages 38-39
 - Consolidated statement of income (unaudited)..... page 40
 - Consolidated statement of comprehensive income
(unaudited).....page 41
 - Consolidated statement of changes in equity (unaudited)..... page 42
 - Consolidated cash flow statement
(unaudited)..... page 43
 - Notes on the cash flow statement page 44
 - Notes..... pages 45-94

Any information not listed under (1) to (4) 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 Issuer and the website of the Luxembourg Stock Exchange (www.bourse.lu).

⁵ The auditor's report refers to the consolidated financial statements and group management report as a whole and not solely to the extracts under (4).

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