



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)

€500,000,000 2.50 % Fixed Rate Notes due 2026

ISIN DE000TLX2102, Common Code 109022128, WKN TLX210

Issue price: 99.143 per cent.

Talanx Aktiengesellschaft ("**Talanx AG**" or the "**Issuer**") will issue on or about 23 July 2014 (the "**Issue Date**") €500,000,000 2.50% Fixed Rate Notes due 2026 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 23 July 2014 (the "**Interest Commencement Date**") to but excluding 23 July 2026 (the "**Final Maturity Date**") on their aggregate principal amount at a rate of 2.50 % per annum, payable annually in arrear on 23 July of each year, commencing on 23 July 2015. 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 ("**Clearstream**") 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, as amended (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*, the "**Luxembourg Prospectus Law**"). By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial 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, as amended.

Joint Lead Managers

Barclays

Citigroup

HSBC

Natixis

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 contains no omission likely to affect its import.

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**", together with its consolidated subsidiaries and special purpose entities as well as special funds and associated companies, "**Talanx**") 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 Barclays Bank PLC, Citigroup Global Markets Limited, HSBC Bank plc and Natixis (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 / Significant Changes / 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, BARCLAYS BANK PLC (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.

TABLE OF CONTENTS

RISK FACTORS	5
ANLEIHEBEDINGUNGEN	40
TERMS AND CONDITIONS OF THE NOTES	40
GENERAL INFORMATION ON THE ISSUER AND THE TALANX GROUP	56
TAXATION	70
SUBSCRIPTION AND SALE OF THE NOTES	75
GENERAL INFORMATION	77
DOCUMENTS INCORPORATED BY REFERENCE	79

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:

MACROECONOMIC RISKS AND RISKS RELATING TO THE CAPITAL MARKETS

Talanx's business is largely dependent on global economic conditions, and the global economic outlook remains uncertain.

Talanx's business depends in many ways on global economic conditions, which have shown significant volatility in recent years. Beginning in 2008 with the subprime mortgage crisis and the collapse of the Lehman Brothers investment bank in the United States, global financial markets experienced severe disruptions, resulting in significant negative impacts on the global economy. A global economic downturn affected essentially all regions and all business sectors in 2008 and 2009, while the following years were characterised by signs of a global economic recovery, as well as by increasing concerns about excess levels of debt, especially in Europe and the United States. Significant economic stagnation in certain countries in the Eurozone, especially GIIPS (Greece, Ireland, Italy, Portugal, Spain), in part due to the effects of the sovereign debt crisis and corresponding austerity measures in these markets, has added to these concerns. In general, the global economy has remained volatile and could be further negatively affected by many factors, including but not limited to rising national debts, investor concerns about the cohesion of and disruptions within the Eurozone (for example due to unforeseen political developments), inadequate

liquidity, volatility in the capital markets, lower consumer spending, higher inflation, political instability, negative or unstable economic or political developments in certain emerging markets, monetary policy in the major developed nations, terrorism or natural disasters.

Another global recession or recessions affecting significant parts of the global economy could reduce both demand for Talanx's products and the value of the investments it holds. If a large number of consumers delay purchasing new insurance or terminate existing coverage, for example, due to high unemployment or lower disposable income, demand for primary insurance coverage could decline. Because life insurance is a long-term investment, demand for life insurance is particularly sensitive to changes in overall demand. In addition, consumer mistrust of the financial sector could lead consumers to purchase fewer insurance products through banks or similar institutions, resulting in weaker sales in Talanx's bancassurance distribution channel. Weaker demand for primary insurance coverage also tends to increase pressure on pricing and competition, adversely affecting profitability.

Demand for Talanx's corporate and industrial insurance products is also dependent on general economic conditions, as demand for corporate and industrial insurance products is generally higher when businesses are growing and more likely to make investments and take risks. Talanx's exposure to the macroeconomic climate is especially pronounced in transport insurance lines, since a decrease in the volume of trade as a result of a downturn in the economy directly decreases demand for transport insurance.

Because primary insurance markets and reinsurance markets are closely linked, the macroeconomic factors mentioned above similarly affect demand for reinsurance and retrocession coverage. Geographically, Talanx's reinsurance business has a strong international focus, while its primary insurance business is mostly written in Germany, which creates a substantial exposure to the German economy.

Global economic conditions also affect the value of the investment portfolio managed by Talanx. Economic downturns often lead to a decline in value for investments in securities (in particular stocks), real estate and real estate funds. Furthermore, since Talanx has invested a substantial portion of its investment portfolio in fixed income securities, the returns Talanx generates have been adversely affected by the current very low level of interest rates.

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 Talanx.

The continuing sovereign debt crisis in Europe, the high national debt of the United States and the macroeconomic conditions in certain emerging markets could result in economic instability and possible defaults on government debt, with significant adverse effects for Talanx's business and financial position.

In many countries since 2008, programmes for the recapitalisation of distressed financial institutions and economic stimulus have significantly increased expenditures, while slower or negative real economic growth and large increases in unemployment have substantially decreased tax revenues, with the result that national debts in many countries, especially in the United States and in many European countries, have increased substantially. In most member countries of the European Economic and Monetary Union, the level of sovereign debt exceeds the limit (60% of gross domestic product) established by the Treaty of Maastricht, while sovereign debt in some countries (e.g., Greece and Italy) exceeds 100% of gross domestic product. Risk premiums for bonds issued by these countries have increased significantly. In the case of Greece, the risks of default have already been realised to the extent that certain private bond creditors accepted a 53.5% reduction of the aggregate principal amount of their notes in March 2012. Similar measures could be taken in the future in other countries.

This sovereign debt crisis has created various risks for Talanx. In particular, there could be a default or forced write-down in the value of government bonds issued by so-called GIIPS countries, or possibly in other countries if the sovereign debt crisis expands. The Talanx Group's investment portfolio is exposed to risks from these issuers as a result of its holdings of local government, covered and financial bonds. As of 31 March 2014, within its portfolio of assets under own management, the Group's exposure to government bonds issued by so-called GIIPS countries totalled a combined market value of EUR 2,291 million (including EUR 1,347 million of Italian bonds, EUR 228 million of Irish bonds, EUR 682 million of Spanish bonds, EUR 26 million of Portuguese bonds and EUR 7 million of Greek bonds). Further, while the economic development in most of the emerging markets had been stable since 2009, recent developments point to a potential slowdown in selected territories, for example, in Brazil, India, Indonesia, South Africa and Turkey. As the Talanx Group operates in a number of emerging markets and needs to hold corresponding assets in order to cover liabilities in local currencies it is therefore exposed to both general business risk as well as risks stemming from investing assets in the respective markets.

With respect to the Eurozone, indirect consequences of a default by one or more countries, the extent and precise nature of which are impossible to predict, could include the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession. The Eurozone sovereign debt crisis could also undermine the capitalisation of banks and other financial services providers, including European banks in whose securities Talanx has significant investments. Regulatory measures designed to avoid the undercapitalisation of banks (such as mandatory swaps of bank debt into bank common equity) could exacerbate these risks for Talanx, for example by converting relatively liquid bonds into relatively illiquid common equity of a troubled bank. In addition to writing down the value of such investments, Talanx could lose its claims on ongoing interest and participations in profits, for example in the case of profit sharing rights and silent participations. As of 31 March 2014, the Talanx Group held investments issued by banks in the amount of EUR 46,412 million, including investments backed by government guarantees or statutory guarantor liability (*Gewährträgerhaftung*) in the amount of EUR 5,453 million and covered bonds in the amount of EUR 23,237 million.

In addition, yields on Eurozone sovereign bonds could widen, including for issuers that currently have strong credit ratings, leading to losses in the value of the bonds. German government bonds could also lose substantial value in light of the substantial potential liability of the Federal Republic of Germany under existing and future bail-out measures. Based on market values as of 31 March 2014, the Talanx Group held German government bonds in a total amount of EUR 5,121 million.

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 Talanx.

Talanx is subject to substantial general market risks that could have a material adverse effect on the value of its investment portfolio and financial position and could, in an extreme case, leave Talanx with insufficient funds to pay its insurance liabilities.

Talanx's assets consist primarily of investments made using funds from premiums received under insurance, reinsurance and retrocession contracts. Although Talanx believes its investment strategy in relation to investing collected premiums is conservative, its investment portfolio is subject to substantial general market risks.

The market value of fixed income securities is generally subject to changes in prevailing interest rates. Decreases in prevailing interest rates generally lead to increases in the market value of fixed income securities, while increases in prevailing interest rates lead to decreases in market value. Credit-spread risks are another important factor for Talanx's fixed income security holdings. Credit

spread refers to the difference in the rate of interest between a risk-bearing security and a risk-free security of the same quality (duration/currency). Market changes in these risk premiums lead to changes in the market value of the corresponding securities in a manner analogous to changes in prevailing interest rates. A decline in the prevailing interest rates can lead to lower income from investments and thus lead to difficulties in generating sufficient funds to cover the interest rates guaranteed especially under life insurance products. Furthermore, if interest rates continue to be low, technical insurance reserves may need to be increased because the actuarial calculation of certain reserves (for example benefit reserves under life insurance) is based on long-term interest rate forecasts.

Similarly, the market value of shares, equity derivatives and equity index derivatives held by Talanx generally tend to decline when equity markets in general lose value. Talanx's real estate holdings are subject to the risk of negative changes in the value of properties held directly or in real estate funds. These impairments can be triggered by deteriorations in the underlying real estate, for example long-term vacancies or deteriorations in a building's structure, or through a general market decline. Losses in the value of investments can necessitate write-downs or lead to losses on the sale of investments, either of which would adversely affect investment income. In an extreme case, such losses could affect the capability of Talanx to settle its general insurance liabilities or other liabilities. Talanx had to make substantial write-downs on securities in 2008 as a result of the banking and economic crisis and, most recently, in 2011, as a result of the Eurozone sovereign debt crisis and the resulting negative conditions in the capital markets. Furthermore, Talanx is subject to currency exchange risks due to currency fluctuations, especially if there is a currency mismatch between Talanx's investments and its liabilities.

In life/health reinsurance, a particular risk arises because some capital investment portfolios are difficult to access and control. This applies to certain U.S. life insurance policies ("modified coinsurance") of the Hannover Re Group. Under these contracts, the reinsurance customer retains securities in a securities account that secure the risks that the customer has ceded to the reinsurer. Payments to the reinsurer are rendered only at a later point in time and contain a portion of the gross premium collected from the cedant and the income on the securities. The Hannover Re Group accordingly has to rely on third parties for the proper administration of the related investment portfolio.

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 Talanx.

Sustained low interest rates or significant further decreases in interest rates could adversely affect Talanx's ability to generate the investment income upon which it relies to pay amounts owed under insurance policies.

Interest rate risks generally originate from movements of prevailing interest rates and a mismatch in the duration of assets and liabilities. Interest rates are highly sensitive to many factors beyond the control of Talanx, such as economic developments, inflation rates, monetary and interest rate policies of central banks, government tax and fiscal policies as well as currency exchange rates. The low interest rates that have prevailed in international markets in recent years have made it increasingly difficult for the Talanx life insurance companies to generate the guaranteed interest agreed under life insurance contracts issued in previous years. The obligation to distribute reserves in accordance with German insurance laws can in certain circumstances reinforce this risk of low interest rates. 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. This also applies if the valuation reserves are attributable to investments acquired to secure guarantees of the insured parties. If these securities and corresponding derivatives are not excluded from the obligation to disburse under

Section 153(3) of the German Act on Insurance Contracts, it could exacerbate the impact of a low interest rate environment. A sustained continuation of the current low interest rate environment or a further drop in interest rates could necessitate an increase in technical insurance reserves. In particular, the increase of the additional interest rate reserve (*Zinszusatzreserve*) in line with regulatory requirements may be necessary. This could have an impact not only on the statutory accounts of the Talanx Group's life insurance subsidiaries prepared under German GAAP, but also on its consolidated IFRS financial statements.

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

Interest rate volatility or significant increases in interest rates could materially reduce the value of fixed-income investments held by Talanx and could significantly reduce demand for long-term insurance policies.

Significant interest rate fluctuations or increases pose a risk for Talanx. Increases in interest rates can reduce the market value of fixed-income investments and increase Talanx's borrowing costs under certain financing arrangements which provide for variable interest rates. Furthermore, if interest rates increase, rapidly rise or remain high for a significant period, it could make long-term insurance policies less attractive compared to other forms of investment, reducing demand for long-term insurance policies. If a significant proportion of policyholders prematurely terminate their life insurance policies, Talanx's life insurance companies could be forced to sell investments in order to be able to pay the required cash surrender values to withdrawing policyholders. German insurance companies have been required to pay higher cash surrender amounts due to changes in case law and a reform of the German Act on Insurance Contracts. Thus, the market value of Talanx's investments is not guaranteed to be sufficient to cover cash surrender values.

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 Talanx.

Talanx's investment activities expose it to significant credit and default risks.

As part of its investment activities, Talanx regularly acquires large volumes of securities and financial instruments, including participations in investment companies and funds and, to a lesser degree, acts as a lessor of real estate. These activities expose Talanx to the risk that its counterparties might become unable to make payments when due. Although Talanx's investment guidelines are designed to limit undue concentrations of risk, Talanx could become significantly exposed to a particular counterparty if its investment managers fail to comply with the Group's investment guidelines or if those guidelines prove to be inadequate. In addition, a feared or actual deterioration in the credit of one or more counterparties, such as a major bank, could lead to write downs for a large number of other market participants. Existing protection schemes, such as the deposit insurance fund (*Einlagensicherungsfonds*) of the Federal Association of German Banks could turn out to be insufficient to avoid or compensate for losses of payments. General economic uncertainty and volatility in the capital markets could intensify these risks going forward. If a significant amount of its investments become impaired for any reason, Talanx would be required to write down the value of these investments, which could materially and adversely affect Talanx's business, results of operations and financial condition.

Certain investment assets held by Talanx could prove to be illiquid.

Talanx is subject to the risk that investments or other assets cannot be converted to liquid funds in a timely manner or at reasonable prices in order to service liabilities as they become due, especially general insurance liabilities. Liquidity risks have increased in recent years during the global financial and economic crisis and the sovereign debt crisis. These developments have led to a general

reassessment of the risks of loss for certain asset classes previously considered to be secure and have reduced liquidity in markets for certain investments. In addition, various open end real estate funds had to be closed in recent years as they had insufficient liquidity to meet the demands of investors who sought to redeem their investments following the decline in real estate prices in many markets. Furthermore, many asset classes have experienced increased volatility in prices in recent years. While Talanx tries to mitigate its liquidity risk by way of a conservative investment strategy focusing on liquid securities, there can be no guarantee that Talanx will not experience difficulties in trying to liquidate assets or to do so on reasonable terms. An inability to sell assets in a timely manner or on reasonable terms could materially and adversely affect Talanx's business, results of operations and financial condition.

The Talanx Group is exposed to material currency transaction and translation risks.

The Issuer reports the financial results of the Talanx Group in euros. However, the Group's subsidiaries enter into insurance transactions in different currencies worldwide. As a result, the Group is subject to certain currency exchange risks.

Currency transaction risks arise primarily if there is a currency mismatch between liabilities and investments. Although the Group attempts to minimise these risks by investing capital wherever possible in those currencies in which the obligations under insurance contracts are to be fulfilled and to hedge these risks using currency swaps and currency futures, adverse changes in currency exchange rates could nonetheless materially and adversely affect Talanx's business, results of operations and financial condition.

In addition to currency transaction risks, the Group is subject to currency translation risks due to the fact that the financial statements of some of its foreign subsidiaries, associated companies, special purpose entities and special funds, are prepared in non-euro currencies, the most important of which are the U.S. dollar, the British pound, the Polish zloty, the Brazilian real, the Mexican peso, the Turkish lira, the Swiss franc and the South-African rand. Furthermore, the Talanx Group receives dividends, profit transfers and interest payments from its foreign subsidiaries, associated companies, special purpose entities and special funds, partly in currencies other than euro. Adverse changes in the exchange rate between the euro and these currencies can cause adverse changes in the value (in euro) of corresponding positions on the Group's financial statements, even where results as measured in the local currency have remained unchanged or have improved.

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 Talanx.

Higher inflation could lead to losses in value in Talanx's investment portfolio, higher costs for claims settlements, and lower earnings.

As a result of the economic, financial and sovereign debt crisis and the related monetary policies of the central banks in the Eurozone, the United States, the United Kingdom, Japan and Switzerland, there is currently great uncertainty about inflation. There is a risk that the European Central Bank could target higher inflation in the Eurozone to enable financially distressed Member States to reduce their sovereign debt burdens. Higher energy and raw material prices could also drive higher inflation, in addition to limiting economic growth. If inflation increases, market values of Talanx's fixed income securities would likely decline as higher inflation would normally raise nominal interest rates. Furthermore, claims costs in Talanx's property/casualty insurance business could increase as a result of inflation (agreed premiums generally can only be adjusted to inflation in the context of contract renewals and cannot be adjusted under running contracts). Therefore, if Talanx makes incorrect assumptions about future inflation, its premiums and reserves for payment of claims on existing policies could prove inadequate.

Higher inflation can also lead to lower demand for life insurance and an increased lapse rate, because increasing inflation tends to decrease demand for long-term financial investments. Furthermore, if higher interest rates cause both costs and earnings on Talanx's investments to increase simultaneously, the asymmetrical participation of policyholders in earnings and costs as mandated by German insurance law (while policyholders must receive at least 90% of increased earnings on investments as distributions, they participate in cost increases at a substantially lower rate) could result in significant losses for Talanx.

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 Talanx.

There is no guarantee that Talanx's hedging of financial risks will be effective or adequate.

Talanx uses derivative financial instruments to hedge against various risks, especially risks involving changes in interest rates, inflation, currency exchange rates and market prices. However, there is no guarantee that these hedging strategies will be sufficient to protect Talanx against such risks. Furthermore, the counterparty to a derivatives contract could default on its obligations, for example, because its assets or financial position have deteriorated or because it has transferred the underlying risk and corresponding derivative contracts to other market participants and these market participants fail to make payments. Adverse changes in the derivatives market could result in Talanx being unable to purchase derivatives in the future to a sufficient degree or at reasonable terms. 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 Talanx.

A deterioration in market conditions for primary insurance and reinsurance could reduce Talanx's revenues and limit its growth.

The markets in which Talanx operates are characterised by intense domestic and foreign competition by insurance and reinsurance companies, banks and other financial services providers. Talanx's ability to compete in these markets depends on several factors, including its financial strength, credit rating, local presence and reputation, the quality of its customer service, the type, scope and the conditions of its products and services, the efficiency of its claims management and its ability to adapt to changing customer needs. Changes in law, the social environment or market conditions can influence demand for Talanx's existing products, and there is no guarantee that new products will be met with sufficient customer demand or obtain all necessary regulatory approvals.

Overall, competition has increased in recent years in the primary insurance and reinsurance markets, especially as a result of market entry by new competitors, above all from foreign countries in the European Union and from the rapidly growing BRIC countries (Brazil, Russia, India, China). The growing use of the internet by consumers to research competing insurance offers has also led to increased price transparency and increased price competition. In certain markets, consumers focus on the price or the amount of premiums and do not attach value to other competitive factors, such as service, proximity to the customer, quality of claims management, or scope of coverage. Traditional insurance providers are finding it difficult to compete against direct insurance companies because the latter often operate with lower distribution costs and can offer lower premiums. In certain markets or market segments, such as retail motor insurance in Germany, the pressure on prices has made it difficult for Talanx to underwrite policies on a profitable basis.

In those market segments where Talanx can write business profitably, such as in credit protection insurance, it faces competition from competitors attracted by the higher margins. Talanx's credit protection insurance business is also subject to the risk that banks might reduce lending, reducing the potential volume of new credit protection insurance policies. Furthermore, consumer protection advocates have in the past criticised the credit protection insurance business. Although German

courts have to date rejected such criticism, such case law might change or legislators might nevertheless pass laws making this line of business less attractive to insurance companies.

In Talanx's Industrial Lines segment, pricing and competitive pressure has also increased in the recent past as a result of large customers attempting to bear standard risks themselves or cover them through their own captive insurance companies. A continuation of this trend could reduce the volume of insurance and premiums in this segment.

If increased competition causes Talanx to lose market share, Talanx could face disadvantages in terms of cost, especially fixed costs. Since a substantial portion of Talanx's total costs constitute fixed costs (including general administrative costs), such losses would also adversely affect margins in the remaining business.

If competitive pressures continue to increase or if Talanx fails to respond to these changes or otherwise adapt to new developments in the market, Talanx could suffer a material adverse effect on its business, results of operations and financial condition.

Deterioration in market conditions in the capital markets could have a material adverse effect on Talanx's financial position, access to liquidity and capital and financing costs.

Talanx has financed its operations in the past to a significant extent by issuing various bonds and other financial instruments, including equity, and has also hedged risks from its reinsurance business using capital market instruments (for example, by issuing catastrophe bonds under which the payment at the end of the term depends on whether and to which extent certain catastrophe-related losses have occurred). The success of such transactions depends on a large number of factors, especially general market conditions, the general availability of capital and liquidity, perceptions of counterparty risk generally and in particular with respect to banks and financial services providers, including insurance companies, trading volumes, the ratings of the Talanx Group and the Hannover Re Group and the general view by market participants of the economic prospects of Talanx as well as the insurance industry in general. These factors have become increasingly volatile and hard to predict. Talanx has recently experienced challenges in the placing of a subordinated bond and a syndicated credit line. There is no guarantee that Talanx will be able to raise additional funds on a timely basis, on attractive terms or at all. If Talanx is unable to raise such funds, it could suffer a material adverse effect on its business, results of operations and financial condition.

RISKS RELATING TO THE MARKET AND THE BUSINESS

Talanx bears significant credit risks as a result of its business activities.

As part of its business, Talanx acquires a large number of receivables against counterparties, especially policyholders, reinsurers, retrocessionaires, cedants, insurance brokers (especially to the extent commissions are paid upfront for the distribution of long-term insurance policies), and financial institutions. If obligors of Talanx experience financial difficulty and cannot or do not pay the full amounts owed to Talanx, Talanx would be exposed to risks of financial losses and a possible downgrading of its credit rating, and might be required to write down or write off certain assets. This risk is particularly high for reinsurers and retrocessionaires because they often secure a high volume of insurance risks. If Talanx's internal guidelines on concentration of credit and counterparty risks (especially in relation to reinsurers and retrocessionaires) are not followed or turn out to be inadequate, this could result in significant losses. In addition, Talanx is exposed to systemic risk, which means that as a result of an extraordinary strain on one or more market participants (for example, if a large reinsurer incurs high losses as a result of a major insured event), the solvency of other companies that have contracted with such market participants and acquired receivables against them could also be detrimentally affected. In view of the uncertain development of the

capital markets and the general global economic development, the decline in value in certain asset classes (such as real estate) and similar factors, counterparty risks could increase in the future if such factors simultaneously impact the solvency of a multitude of market participants. 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 Talanx.

Actuarial appraisals of insured risks, which are used to estimate the amount of potential claims under insurance policies, could prove to be incorrect.

The revenues of Talanx depend to a substantial degree on the extent to which the performance actually to be rendered in an insured event is consistent with the underwriting assumptions used to determine the price of such coverage. When entering into a new insurance policy, Talanx must estimate the amount of potential claims on the policy in order to determine the appropriate amount of premiums to be paid on that policy. These actuarial calculations are based on past experience with similar policies, forecasts regarding the future, and actuarial models (for example, mortality, longevity and morbidity models used to calculate premiums and reserves in respect of life insurance coverage). Over time, these assumptions could prove to be inaccurate and might therefore necessitate additional expenditures. Despite efforts to minimise such risk, deviations can occur if data is interpreted incorrectly or external factors outside the influence of Talanx change. A price determination commensurate with the risk is also complicated in the property/casualty business due to the increasing complexity and long-term nature of the run-off. As a result of individually tailored concepts for coverage, especially in the industrial insurance business, actual results may vary from the assumptions about the type and scope of the insured risk used as a basis when assessing the premiums. If calculated premiums are insufficient to cover claims arising from insured events, it could materially and adversely affect Talanx's business, results of operations and financial condition.

Talanx's reserves set aside to pay insurance claims could prove insufficient, which could necessitate additional reserves.

The Talanx Group determines the amount of the technical insurance reserves using actuarial methods and statistical models. Adjustments are continuously made to take into account the most current market information available to the Group. Nonetheless, the reserves established in this manner can turn out to be inadequate if the calculations of future insured events differ from actual claims experience. Even a conservative assessment of the reserves as well as a regular actuarial examination cannot completely overcome this risk. In life (re-)insurance, changes can result from certain external factors, such as an increase in the general life expectancy, increased mortality and morbidity rates or changes in other biometric calculation bases, any of which can create the need for additional reserves. In property/casualty insurance, there is a risk that the reserves are not sufficient to anticipate damage from risks which are not yet fully known or appreciated. Incorrect estimates have in the past resulted, for example, from insured events in connection with asbestos and claims from the attack on the World Trade Center on 11 September 2001. Inadequate technical insurance reserves and the resulting need for additional reserves could have a material adverse effect on the business, results of operations and financial condition of Talanx.

Natural catastrophes, epidemics or man-made disasters could result in large insurance claims that could materially affect Talanx's financial results and capacity to underwrite new business.

The Talanx Group's insurance business covers certain losses arising out of natural catastrophes and man-made disasters. Events such as earthquakes, floods, major storms, winter storms, large fires and civil unrest can lead to substantial losses for Talanx's property/casualty lines. Similarly, epidemics and pandemics can claim a large number of victims and, thus, lead to substantial claims

under life insurance products. Disasters of this kind are inherently unpredictable. Their frequency and severity can only be estimated using scientific modelling tools based on assumptions and judgments that are subject to error and mis-estimation and could produce estimates that are materially different from actual results, exposing Talanx to extraordinary high losses.

The year 2013 was particularly affected by major natural disasters. The flood in Europe during May and June 2013, the German hails "Manni" in June 2013 and "Andreas" in July 2013, the floods in Canada in June and July 2013 as well as the windstorms "Christian" in October 2013 and "Xaver" in December 2013 each led to major losses. The incidence and severity of such natural disasters are inherently unpredictable, and it is possible that both the frequency and severity of natural and man-made catastrophe events could increase. The increases in frequency and severity observed in the recent past might be part of a general upward trend which could expose Talanx to substantial losses, especially in its reinsurance business. For example, there are indications that the Atlantic basin is presently in an active phase in a cycle covering several decades in which the oceanic and atmospheric conditions lead to increased frequency or intensity of tropical storms. Furthermore, many scientists suspect that the increase in global emissions of greenhouse gases, especially carbon dioxide, is increasing average worldwide surface temperatures, which could lead to an increased frequency of natural disasters. More frequent natural disasters could also lead to a reduction of underwriting capacity in the reinsurance market because some reinsurance companies might exhaust their capacities. This tightening of supply could lead to increasing premiums in the reinsurance market and, thus, to higher retention ratios or lower revenues in the primary insurance market.

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 Talanx.

Talanx relies to a significant extent on insurance intermediaries and banks to distribute its insurance products and write new policies. Disruptions to this distribution network could materially reduce the volume of new policies underwritten by Talanx.

Talanx markets its insurance products to a substantial extent through a network of intermediaries, for example tied and independent agents, brokers and partner banks. Its commercial success therefore depends on its ability to retain a sufficient number of qualified, reliable and successful distribution intermediaries. Talanx's business volume could materially decline if its distribution strategy is unsuccessful or if its relationship with its distributors deteriorates. Failure to maintain or expand these distribution relationships could lead to a decline in Talanx's business, as could the acquisition of Talanx's distribution partners by a third party who does not intend to maintain the same level of cooperation with Talanx. For example, in Turkey, Talanx Group's bancassurance partner has exited from the consumer banking business and therewith ended the bancassurance partnership with Talanx. Such strategic decisions of bancassurance partners may also happen in other countries. Further, the Polish insurance companies TUnZ Europa, TU Europa SA, TUnZ Warta and TUIR Warta, in which Talanx holds majority interests, maintain bancassurance distribution relationships with certain Polish banks. A takeover of those banks or other changes in the banks' shareholding structure could have a significant impact on the existing bancassurance distribution relationships and could even lead to dissolutions of such cooperations.

Similarly, the Polish Financial Supervisory Authority has expressed concerns over potential conflicts of interest in the case the bank that sells the insurance policy and collects a commission also directly benefits from the payment protection afforded by the insurance. The Polish Financial Supervisory Authority has drafted a recommendation on the bancassurance business which is currently under discussion with banks and insurance companies. It is expected that the final recommendation will be introduced into the Polish market by the end of 2014. If restrictions on the distribution of insurance through bancassurance cooperations are introduced by legislators, courts

or regulatory agencies in the countries in which Talanx is active, it could adversely affect Talanx's business volume.

Furthermore, Talanx's bancassurance business covers primarily life insurance products that are distributed through banks and savings institutions and are usually seamlessly embedded in the respective partner's corporate design. The three main pillars of the bancassurance business of the Retail Germany segment are the long-term cooperation/distribution agreements with TARGOBANK, Postbank and with a number of major Sparkasse savings institutions. In addition, Talanx also cooperates with other banks and participates in a joint venture company. Many of these cooperation/distribution agreements contain exclusivity commitments and long-term durations which are not generally exempted under applicable antitrust laws, but have been entered into based on the understanding that they are however justified due to their distribution efficiencies and consumer benefits and therefore exempted under antitrust laws on a case-by-case basis. However, if challenged and assessed by the relevant antitrust authority or a court, it cannot be ruled out that certain of these cooperation/distribution agreements may be deemed to be enforceable only in part or also invalid in total. In this case, these cooperation/distribution agreements would have to be reconditioned and renegotiated with the respective partner, possibly on less advantageous economic terms. There is also no assurance that antitrust authorities will not order the termination of any arrangements that may be found to infringe applicable antitrust laws, or that they will not impose fines on Talanx in respect of any such violations. In addition, Talanx could lose current or potential customers and its reputation could be damaged in the event that any antitrust proceedings take place.

In addition, distribution risks could arise due to the existence of pools and combinations of brokers with significant market power. Such tendencies towards concentrations of brokers have become noticeable in recent years, especially since the entry into force of the EU Directive 2002/92/EC on insurance mediation. The trend towards broker consolidation improves the negotiating power of the insurance brokers, including in relation to commission rates and other terms for distribution, and could adversely affect the results of operations of Talanx.

Distribution risks also result from changes in the legal environment for insurance distribution. For example, there is no guarantee that the model for insurance brokerage currently prevalent in Germany and elsewhere, according to which the broker/agent receives a commission from the insurance company on the successful conclusion of an insurance contract, which is then completely or partially passed on to the insurance customer in the calculation of the premiums, will continue to be viable. In 2008, the reform of the German Act on Insurance Contracts (*Versicherungsvertragsgesetz*) introduced more stringent transparency requirements for commissions and other expenses embedded in insurance premiums. In December 2011, the German government announced that it may implement a comprehensive regulation of commissioned brokers/agents. The German Federal Ministry for Food, Agriculture and Consumer Protection (*Bundesministerium für Ernährung, Landwirtschaft und Verbraucherschutz*) has presented a proposal in the context of its "Quality Offensive for Consumer Finances", pursuant to which a fee-based brokerage system could in the future serve as an alternative to the commission-based distribution of insurance contracts. Pursuant to this proposal, the customer would pay the broker for brokerage services received. Insurance providers would then be required either to provide net tariffs (without the premium for the commission) or to require their brokers/agents to pass on the commission to the customer. Similar discussions are currently being held on EU level with the aim to adopt an European directive by the end of 2014. The exact content of these proposals is not yet clear as of the date of this Prospectus. However, substantial changes in the German and European insurance distribution market would occur if such changes in law were implemented. Similarly, incentive schemes for insurance intermediaries have come under criticism and might be subjected to more stringent legal requirements (or possibly prohibited) by courts,

supervisory authorities or legislation. If other insurance companies are more successful than Talanx in adapting to such changes, Talanx could fail to attract new business and could lose market share.

Other risks from changes in the legal environment include the critical assessment of bancassurance cooperations by consumer protection advocates and regulators in certain jurisdictions.

If any of these distribution-related risks materialises, this could have an adverse material effect on the business, results of operations and financial condition of Talanx.

Rating agencies could downgrade the Talanx Group's credit rating, which could materially increase the Group's financing costs and detrimentally affect customer relationships.

Financial strength ratings are crucial for the Group's competitive position. The international rating agencies A.M. Best and Standard & Poor's awarded the Talanx Group financial strength ratings.¹ Rating agencies review their ratings and assessment methods continuously and could downgrade Talanx's ratings, whether on the basis of changes in the results of operations and financial condition of the Group or as a result of changes in the assessment of the insurance industry. A rating report from Standard & Poor's dated 30 June 2014 regarding the Talanx primary insurance business noted that low interest rates could squeeze margins on traditional life books and could increase asset-liability management risks, in particular for HDI Lebensversicherung. Standard & Poor's pointed out that there is a risk of a downgrade of the rating in the primary insurance business if the capitalisation of the Talanx Primary Group deteriorates sustainably or the profitability of the Talanx Primary Group will be lower than the expectation of Standard & Poor's. A.M. Best noted in a press release dated 16 May 2014 that negative rating actions could occur if there were a significant deterioration in Talanx AG's risk-adjusted capitalisation as a result of uncontrolled catastrophe claims or life business related losses.

A downgrade in one or more of the Group's ratings could negatively affect the Group's business volumes and its competitive position, for example in its dealings with large customers in the industrial insurance or reinsurance business which regularly monitor the ratings of their (re-)insurers. Additionally, the Group might find it more difficult to access the capital markets and could incur higher borrowing costs. Furthermore, a rating downgrade could lead to new liabilities or increase existing liabilities, to the extent that they depend on the Group maintaining a certain credit rating. A rating downgrade could therefore have a material adverse effect on the business, results of operations and financial condition of the Talanx Group.

Reinsurance for Talanx's primary insurance business and the retrocession of risks from Talanx's reinsurance business might prove insufficient, or might not be available in the required scope or only on less favourable terms in the future.

The risks insured by Talanx are partly transferred to other insurance and reinsurance companies by means of reinsurance or retrocession or are transferred to the capital markets through financial instruments. Decisions about which insured risks are transferred and which risks are retained by Talanx are made by Talanx on the basis of a large number of criteria. These include the risk strategy set by the Issuer's board of management (the "**Board of Management**"), the type and level of the underwritten risks, the individual business segment's ability to bear risks, the availability and the terms of reinsurance and retrocessions as well as the reputation and financial strength of the relevant reinsurers and retrocessionaires. If the assumptions and forecasts used as a basis for this

¹ The offices issuing and elaborating the rating were A.M. Best Europe – Rating Services Limited and a registered branch of Standard & Poor's Credit Market Services Europe Limited both of which are, 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, as amended (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).

decision differ from the actual circumstances and developments, there is a risk of an inadequate protection through reinsurance, retrocession or financial instruments.

In addition, disruptions in the reinsurance and retrocession markets could prevent Talanx from being able to transfer underwritten risks to the extent desired or on acceptable terms. Talanx could have increased difficulty obtaining these coverages on acceptable terms if increases in the frequency of natural disasters cause demand for reinsurance and retrocession coverage to increase at a time when underwriting capacity in the reinsurance and retrocession market is decreasing. An increase in the frequency or the volume of other major events causing damage could also worsen Talanx's risk position. In the future, only a few reinsurers with strong capital bases might be able to write capital-intensive reinsurance, which could, together with limited access to capital, make it more difficult for Talanx to obtain reinsurance coverage on acceptable terms.

For its reinsurance business, Talanx also uses systematic retrocessions on acquired reinsurance in order to reduce potential fluctuations in revenues and to optimise net income. The business, results of operations and financial condition of Talanx could be adversely affected if the availability of certain retrocession coverage is substantially reduced or if individual retrocessionaires become unable or unwilling to pay.

Furthermore, Talanx's primary insurance business purchases a significant amount of reinsurance protection from its majority owned subsidiary, the Hannover Re Group, which means that these reinsured risks – to the extent they are not ceded by Hannover Re Group to other reinsurers – remain within the Talanx Group. If the Group experiences an event of loss that has been reinsured by Hannover Re without retrocession by Hannover Re or only with partial retrocession to other reinsurers, the burden on the Group's consolidated balance sheet and its results of operations would be greater than if the reinsurance had been provided by an external reinsurer. In addition, there is a risk of conflicts of interest within the Group in allocating liabilities, especially if claim burdens are distributed unequally between the primary insurer and the reinsurer. The volume of intra-group reinsurance within the Talanx Group may have to be reduced in the future due to different regulatory requirements. This may lead to a higher need of external reinsurance even in periods of scarce capacity. As a consequence, the necessary external reinsurance might not be available in the required scope or only on less favourable terms for Talanx.

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 Talanx.

Talanx could lose important customers.

Talanx works with major customers which generate a high volume of premiums, especially in the reinsurance and industrial insurance businesses. If Talanx loses a certain number of important customers, for example because competing insurance companies or new competing market entrants such as hedge funds or other financial sponsors make better offers to these customers or because the customers forgo insurance protection or increasingly obtain coverage from their own internal insurance companies, this could materially and adversely affect Talanx's business, results of operations and financial condition.

The cyclicity of the reinsurance market and certain segments of the primary insurance market can lead to major fluctuations in premiums generated.

The insurance market is subject to cyclical fluctuations, especially in property/casualty insurance. In particular in Talanx's non-life reinsurance business, uncertain and unforeseeable events have in the past caused Talanx to experience substantial fluctuations in operating income. The cycles in the reinsurance business are periods characterised by intense price competition and less restrictive underwriting standards followed by periods of higher premium rates and more selective

underwriting standards. As a result, Talanx's business volume, especially that of the Hannover Re Group and the Industrial Lines business, can fluctuate. The factors that drive these fluctuations are generally outside the control of insurance companies and include macroeconomic factors, the competitive environment, the frequency and severity of disasters, the occurrence of new risks (for example as a result of new technologies), and the availability of reinsurance capacity. The cyclical nature of the property/casualty insurance businesses as well as the reinsurance business could lead to fluctuations in premiums and revenues in the future, which in turn could lead to an increase in Talanx's costs of capital and, thus, could materially and adversely affect Talanx's business, results of operations and financial condition.

Poor performance of Talanx's asset liability or investment management could lead to a mismatch in value between its investment portfolio and the liabilities under its insurance business and to a loss of current or potential customers, including customers of its asset management and fund provider business.

Talanx invests the premiums it collects in various asset classes. It attempts to follow a conservative investment policy set out in Group guidelines, which emphasise highly liquid investments by issuers with excellent credit ratings reflecting its liabilities. However, Talanx's investments might perform poorly, also in respect of matching of assets and liabilities, or Talanx's investment professionals could make poor investment decisions or other mistakes (including intentional violations of statutory provisions, standards of care or the Group's investment guidelines). Such occurrences could cause the value of Talanx's investment portfolio to decline and could lead to a mismatch between assets and liabilities in Talanx's insurance business. Furthermore, Talanx could lose current or potential customers and its reputation could be damaged as a result of poor investment performance. This reputational risk applies especially to Talanx's asset management and fund provider business, which competes with other financial services providers for customers in part on the basis of investment performance. If Talanx's investments perform worse than those of competitors, customers may withdraw their assets under management with Talanx. 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 Talanx.

Talanx's reinsurance business relies on receiving accurate and sufficient risk information from the primary insurers and reinsurers which are ceding risks to Talanx; incorrect risk information could lead to the writing of unprofitable or loss-making reinsurance business and potentially to material losses.

In the reinsurance business, Talanx assumes risks that have been underwritten by other primary insurance and reinsurance companies. To determine whether to write such reinsurance or retrocession contracts, and to establish the corresponding technical insurance reserves, Talanx must receive accurate and sufficient risk information from the respective cedant or retrocedant. If Talanx incorrectly assesses the scope of the risks covered by reinsurance and retrocession contracts as a result of incorrect or inadequate risk information, Talanx might fail to establish adequate reserves. Even if Talanx has a claim for recourse against a cedant or retrocedant as a result of incorrect or inadequate risk information, Talanx might not necessarily be able to recover the full amount of such claim. Inaccurate or inadequate information could result in the underwriting of unprofitable or loss-making reinsurance or retrocession contracts, which, if it occurs on a significant scale, could materially and adversely affect Talanx's business, results of operations and financial condition.

Talanx's risk management systems could fail to identify or control for material risks.

Talanx relies on complex and comprehensive systems for assessing and controlling risks. Despite detailed Group risk management guidelines, mistakes and disruptions in these systems cannot

always be prevented. For example, human error or disregard of applicable standards in the identification, assessment and handling of relevant risk information and the disclosure of this information to the relevant decision makers, can result in a failure to recognise, assess or address material risks in a timely manner.

Furthermore, Talanx relies on risk quantification models based on simplified assumptions that cannot fully reflect actual circumstances. For example, market risks in the investment portfolio are quantified using a "value-at-risk" model that is based on historical data and experience, for example, with regard to the volatility of market values for different financial instruments and the correlation of risks. There is no guarantee that the underlying data, or the assumptions with respect to future developments in financial markets and the resultant risks for the business and the capital investment portfolio of Talanx, will prove accurate.

Such potentially incorrect quantification or reflection of Talanx's actual risk exposure will continue to affect Talanx even after the planned conversion to the new internal risk models presently being developed by Talanx. Talanx is developing these new models in relation to the regulatory changes under Solvency II. Since 2008, the primary insurance companies of the Talanx Group and the Hannover Re Group have been undergoing an audit process – the so-called pre-application phase (*Vorantragsphase*) – with the German Financial Supervisory Authority ("**BaFin**"). If the new models are implemented following approval by the BaFin, there is an increased risk, particularly in the early stages, of mistakes being made, especially if the new models display weaknesses which are as yet unknown (for example an insufficient recognition of certain risks) or if there are difficulties in dealing with the models and interpreting their results.

If the risk monitoring and risk management systems used by Talanx inadequately reflect material risks or otherwise turn out to be inadequate in any material respect, this could materially and adversely affect Talanx's business, results of operations and financial condition.

Talanx depends on the reliable functioning of its own and third-party IT systems, and a major failure in these systems could disrupt its business.

Talanx depends on the reliable and efficient functioning of computer and data processing systems and telecommunication systems to conduct its operations. Since these systems are susceptible to failures and problems (for example as a result of power failures, computer viruses, harmful software, hacker attacks, misuse by employees, or hardware, software or network problems), failures or problems cannot necessarily be prevented despite the adoption of comprehensive protective and back-up measures. Furthermore, regular maintenance of the IT systems is required, for example when changing software or migrating processes following the acquisition of companies or business units. If done incorrectly, such maintenance can also lead to failures, problems and delays.

A major failure or disruption in one or more computer or data processing systems operated by Talanx or third-party IT providers could disrupt Talanx's operations. In the asset management business, there could also be an interruption of trading activity, which would make it difficult for the asset management business to react in timely manner to current market developments. A broad or ongoing disruption of operations could materially and adversely affect Talanx's business, results of operations and financial condition.

Operational risks could materially and adversely affect Talanx's business, results of operations and financial condition.

Talanx is subject to a large number of operational risks, including risks from internal operational failings (human or systems error), risks from third parties and risks from external events.

Internal operational risks can include the risk of employee misconduct, including violations of Talanx's own guidelines, applicable laws or regulations (for example in handling confidential information, processing payments, executing investment strategies, handling client assets, and underwriting or transferring risks in the insurance and reinsurance business), as well as risks relating to on-the-job safety and security. For example, in the past, there have been cases of Talanx employees engaging in fraudulent behaviour and embezzlement to the detriment of Talanx. Operational risks can also result from authorised, legal conduct by employees, for example, strikes and labour disputes that interrupt operations.

Operational risks resulting from a failure of internal processes or systems include the incorrect or incomplete storage of files, data and important information; inadequate documentation of contracts; incorrect structure of products (especially insurance contracts); mistakes in the settlement of claims; errors in monitoring the credit status of debtors; mistakes in planning resulting from false information or false accounts; and failures of risk management processes. These risks could result in financial losses (including lost sales, lost receivables or fines) or reputational damage for Talanx.

Third parties can create operational risks for Talanx through poor performance of contracted services or criminal or other intentional misconduct, including theft, misappropriation, fraud, money laundering, sabotage, corporate espionage, arson or similar crimes. For example, there have been past instances in which insurance intermediaries of Talanx have engaged in fraudulent behaviour and embezzlement to the detriment of Talanx.

Operational risks resulting from external events include, for example, the risk that operations are interrupted due to infrastructure failures (for example, a blockage of important traffic routes or outages of power, water or heat), or as a result of natural disasters, fires or epidemics. Changes in the legal environment can also lead to operational risks. For example, the introduction of the Single Euro Payments Area (SEPA) for the simplification and harmonisation of bank transfers across the European Union in 2014 may lead to higher costs and operational difficulties for Talanx.

If any of the operational risks above materialises, it could have a material adverse effect on the business, results of operations and financial condition of Talanx.

Cost saving measures or measures to increase efficiency within the Group could fail or cause labour disputes.

There is substantial competitive pressure in all markets in which Talanx operates. Some competing insurance and financial companies have cost advantages as a result of their larger corporate size (economies of scale) or their distribution strategy. Managing expenses is therefore of critical importance for Talanx's profitability, especially in mature markets. With respect to retail customers in Germany, Talanx has competitive disadvantages as a result of its complex corporate and distribution structures and different IT systems, particularly as a result of the integration of the Gerling insurance group, which Talanx acquired in 2006. Given these disadvantages, premiums at current levels – particularly in property/casualty insurance – are not always sufficient to generate positive margins. Talanx has implemented various cost reduction and efficiency enhancement programmes and will continue to do so in the future. However, there is no guarantee that these initiatives can be successfully implemented or that they will yield the desired results. For example, the Group's efficiency enhancing project "WIR" and most recently the efficiency project for Talanx's IT subsidiary TASYs have met with resistance on the part of certain employees and trade unions which resulted, among other things, in employees' meetings. Although the Board of Management has been able to reach basic agreements with the Group's employee council (*Konzernbetriebsrat*) on the implementation of project "WIR" in April 2012 and for the TASYs project in January 2013, it cannot be ruled out that "WIR", TASYs or similar efficiency enhancing or other projects or measures may lead to future disagreements with employees and trade unions, including

strike actions, labour disputes or other collective bargaining measures. A complete or partial failure of these cost saving and efficiency enhancement measures as well as employees' or trade unions' actions could materially and adversely affect Talanx's business, results of operations and financial condition.

Financing arrangements impose restrictions on Talanx's business.

Talanx's various financing arrangements contain variable interest rates that may increase and lead to higher borrowing costs for Talanx if market interest rates (such as the EURIBOR) increase or if Talanx's credit ratings deteriorate. In addition, Talanx's financing arrangements contain customary covenants that restrict or limit, among other things, Talanx's freedom to dispose of, merge or create security interests in its assets. In some cases, lenders have also been granted the right to terminate the respective loan agreement upon the occurrence of a change of control (for example, if HDI V.a.G. ceases to directly or indirectly hold more than 50% of the voting shares of Talanx AG or ceases to have the power to appoint more than 50% of the shareholder representatives of the Issuer's supervisory board (the "**Supervisory Board**"), or if another person not directly or indirectly controlled by HDI V.a.G. gains the power to direct the management and policies of Talanx AG). Several of Talanx's financing agreements also provide that the lenders may terminate those agreements if Talanx AG or one of its material subsidiaries fails to pay interest or principal when due (subject to a number of qualifications and exceptions). If lenders under these financing arrangements rely on such provisions to call the amounts owed by Talanx prior to maturity, it could have material adverse effects on Talanx's business, financial condition and results of operations.

Talanx's provisions for pension liabilities could prove to be inadequate.

Talanx has various programmes that guarantee employees various kinds of benefits – including retirement, disability, widows' and orphans' benefits – upon the occurrence of certain preconditions. In most cases, the amount of benefit to be paid is determined on the basis of length of employment and salary. The Talanx Group has established provisions for these benefits in the amount of EUR 1,696 million as of 31 December 2013. These provisions are based on certain assumptions required under accounting standards, including actuarial principles (for example mortality tables) and on estimates regarding the likely length of employment, the future dynamics of salaries and pensions and future interest rates. If these estimates turn out to be incorrect, the Group's future pensions liabilities could exceed the provisions the Group has made for them. As of 1 January 2013, the Group for the first time applied the amended accounting standard IAS 19. Pursuant to the transition guidelines, revised IAS 19 "Employee Benefits" was applied retrospectively, in conformity with IAS 8. The key amendment to IAS 19 is the abolishment of the option available to companies to recognise future actuarial gains and losses either under "Other comprehensive income (OCI)" or on a deferred basis using the "corridor method". Previous application of the corridor method in connection with the recognition of defined benefit pension plans led to the situation where actuarial gains and losses were recognised only when they exceeded certain threshold values. In addition, the portion to be recognised was spread across several years. Off-balance sheet recognition of partial amounts of the defined benefit obligation also resulted from previously applicable rules on retroactive plan changes, which led to an increase in the existing obligation and thus to a past service cost. This past service cost was required to be recognised immediately only if the additional entitlements had already vested. Amounts exceeding this were recognised on a pro-rata basis until the resulting entitlements had vested. In accordance with revised IAS 19, all actuarial gains and losses are to be recognised immediately and in full under OCI, and past service cost is to be recognised immediately and in full in profit or loss. In addition, the yield on plan assets is in future to be derived from the discount rate underlying the measurement of the defined benefit obligation. Since pension commitments are financed to only a limited extent using plan assets, there were no material effects on Group net income. Furthermore, because of the change in recognition of

supplemental benefits, application of the revised standard led to a modification of the German obligations regarding partial retirement. In particular, when applying the so-called block model, supplemental amounts are no longer accumulated in full when the contract on partial retirement is concluded but instead pro-rata over the period from contract signature to the end of the phase when the beneficiary is working. In this regard, all annual payments as a whole are accumulated, not each individual benefit (so-called FIFO method). The aforementioned changes in accounting standards led to adjustments and effects, inter alia, on the Group's consolidated balance sheet as of 31 December 2013, 2012 and 1 January 2012, for example with respect to reserves and provisions, earnings per share and the consolidated statement of income.

Additional liabilities could also result from changes in the relevant statutes and case law on company retirement plans. For example, certain companies in the Talanx Group have in previous years refrained from adjusting company pension entitlements to the rate of inflation pursuant to Section 16 of the German Act on Company Pensions (*Betriebsrentengesetz*). A considerable number of former employees of the Talanx Group have objected to these decisions not to make adjustments, and some former employees have filed lawsuits against Group companies as a result of this practice. These lawsuits are still pending as of the date of this Prospectus. If the courts find that not making an adjustment was impermissible and apply or expand upon recent case law from the German Federal Labour Court (*Bundesarbeitsgericht*) in relation to piercing the corporate veil of group companies for the purpose of calculating pension benefits (*Berechnungsdurchgriff bei Konzernunternehmen*), Talanx employees and former employees might be able to claim higher pensions.

In several decisions of the German Federal Labour Court dated 23 April 2013 in relation to so-called "split pension formulae" (which exist if, in the case of pension systems based on salaries, the components of the salary below and above the assessment threshold for contributions to social insurance (*Beitragsbemessungsgrenze*) are accounted for differently with regard to the amount of benefits) the German Federal Labour Court repealed its former legal practice dated from two decisions of 2009. According to the recent decisions, in case of a pension plan with a split pension formulae dated prior to 1 January 2003, no recalculation of the pension needs to be effected due to the extraordinary increase of the assessment threshold for contributions to social insurance (*Beitragsbemessungsgrenze*) as of 1 January 2003. Rather, a claim on a higher pension may only result from the general rules on frustration of contract (*Störung der Geschäftsgrundlage*). In light of this change in the legal practice of the German Federal Labour Court, the detriment of the beneficiaries of the overruled decisions of the German Federal Labour Court from 2009, entities of the Talanx Group decided to return to the calculation method applied prior to the two decisions from 2009 both for active employees, current pensioners and vested benefits of employees who have left the Talanx Group. With respect to pensions that were already paid and which in the meantime were calculated on the basis of the former legal practice from 2009, the relevant entities did not claim any refund. However, it cannot be excluded that beneficiaries who benefited from the former legal practice based on the two decisions of 2009 may claim that the change in legal practice made on 23 April 2013 has no effect on such beneficiaries or that they are entitled to damages due to potential false information about the amount of unvested or current pension entitlements.

If the risks above or other risks materialise, including in the form of adverse changes in the statutory provisions on company pensions, this could materially and adversely affect Talanx's business, results of operations and financial condition.

Talanx could have difficulties in hiring and retaining qualified employees or senior management.

Talanx's success is largely dependent on the talents, efforts and proper conduct of highly-skilled individuals, including its sales representatives and senior management. A loss of qualified sales

representatives, other employees or senior management, high employee turnover, or persistent difficulties in filling job vacancies with suitable applicants could materially adversely affect the ability of Talanx to compete effectively in its business and to expand into new business areas. In the recent past, for example, it has been difficult to find professional and management personnel for the Group's headquarters in Hannover, which is perceived as less attractive than other large German cities. This could result in a material adverse effect on the business, results of operations and financial condition of Talanx.

Talanx could be subject to liability risks in connection with sales and divestitures.

Talanx has in recent years sold parts of its business, including a sale in 2011 of shares in both HDI-Gerling Rechtsschutz Versicherung AG and HDI-Gerling Rechtsschutz Schadenregulierungs-GmbH, a sale in 2012 of shares in THV Versicherungsmakler GmbH, and a sale of shares in Credit Life International Services GmbH in connection with the dissolution of a strategic joint venture with Rheinland Versicherungs AG. Representations and warranties for the benefit of the respective purchaser were given in the respective share purchase and transfer agreements, and in some cases, Talanx has agreed to provide transitional services to the purchaser. If representations and warranties or similar stipulations, also in connection with other divestitures, are breached, Talanx's resulting liability to the purchaser could materially and adversely affect its business, results of operations and financial condition.

Talanx is subject to risks in connection with acquisitions, joint ventures and minority investments. In particular, the integration of acquired companies can completely or partially fail or the assessment of the value or the potential for synergies can turn out to be wrong.

Talanx has acquired numerous businesses, entered into joint ventures and made minority investments and could do so again in the future. Key challenges in acquisitions include integrating the IT systems and harmonising the corporate cultures. For investments in foreign countries, important factors to take into account additionally include market conditions and the legal, political and cultural circumstances. The process of integrating an acquired company or business can be complex and costly and can create unforeseen operating difficulties and expenditures. For example, acquisitions can present significant risks, including the diversion of management time and resources to acquisition integration challenges and the impact of an acquisition on Talanx's financial position. Substantial difficulties and delays resulted from the integration of the Gerling insurance group (which Talanx acquired in 2006), especially as a result of integrating Gerling's very different IT and accounting systems and models for underwriting in the industrial insurance business. Acquisitions also carry legal risks, for example if the warranties agreed with a seller are not sufficient to cover all acquisition risks. 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. Talanx recognised a total amount of EUR 1,103 million as goodwill on the consolidated balance sheet as of 31 March 2014. If goodwill has to be substantially written down, it could adversely affect the Group's financial condition and reduce its own capital.

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

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

The cooperation between Talanx and Meiji Yasuda Life is founded on a Strategic Alliance Agreement dated 4 November 2010 ("**Strategic Alliance Agreement**"). The primary objective of

this strategic alliance is to exploit joint business opportunities, including joint ventures between Talanx 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 Talanx. For example, such a termination would trigger put option rights in relation to Meiji Yasuda Life's minority shareholdings in the Polish insurance groups TU Europa and TUIR WARTA, which could result in additional burdens for Talanx. 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 Talanx's business, results of operations and financial condition.

Talanx's international operations expose it to political, economic and other risks in various countries.

Talanx operates in many countries worldwide, and its foreign operations have become increasingly important in recent years as a result of a number of acquisitions, especially in Latin America and in Central and Eastern Europe. Talanx is subject to the economic, legal and political environments in these countries and partly has to rely on the cooperation and reliability of government agencies (for example insurance regulatory authorities) and local business partners (for example distribution partners). Furthermore, in some of these countries, there is significant political or economic instability, as well as an unpredictable or unfavourable regulatory or legal climate. Embargoes and international sanctions against certain countries also pose risks for Talanx's international activities. Talanx has addressed these risks by issuing a code of conduct and implementing a compliance policy which is being rolled-out within Talanx. In the event of violations of embargoes or international sanctions, Talanx could face legal consequences (for example, fines) or reputational damage. If any of the above risks occurs, it could have a material adverse effect on Talanx's business, results of operations and financial condition.

Increased geopolitical risks could materially and adversely affect Talanx's business, results of operations and financial condition.

Geopolitical risks have increased worldwide since the terror attacks on the United States on 11 September 2001, especially the risks of terrorist attacks and potential military responses to them, as well as risks created by political tensions between countries (for example between Israel and Iran or between Pakistan and India). Like many other insurance companies, the companies in the Talanx Group (especially the Hannover Re Group) have tried either to generally exclude the risks relating to terrorism in their insurance terms and conditions or to greatly increase the premiums for insuring against these risks. However, such exclusions of liability have not been possible in all insurance contracts. Furthermore, even if risks of terrorism as such are excluded in the terms and conditions of insurance, consequential damages from terror attacks could lead to claims by insured parties against the companies in the Talanx Group. Talanx could also be adversely affected by claims stemming from future incidents which cannot be clearly identified or proven to be terrorist attacks. If the limits or exclusions contemplated in insurance contracts turn out to be unenforceable, the potential liability of Talanx will increase. If any of the above risks materialises, it could have a material adverse effect on Talanx's business, results of operations and financial condition.

Previously unknown risks, so-called "emerging risks", which cannot be reliably assessed, could lead to unforeseeable damages.

The term "emerging risks" is used in the insurance industry to refer to previously unknown risks that could cause substantial future losses and, therefore, are of major concern to insurance companies. Unlike traditional risks, emerging risks are difficult to analyse because they often exist as a hidden risk. Insurance premiums for emerging risks are difficult to calculate due to lack of historical data about or experience with such risks or their consequences. For example, inadequate reserves for

the cases involving thalidomide or asbestos have caused extremely high losses in the insurance industry. Presently, the consequences of potential, worldwide climate change is considered an emerging risk. There are a wide scientific consensus and a growing public concern that globally increasing emissions of greenhouse gases, especially carbon dioxide, are causing an increase in the average worldwide surface temperatures. This increase in average temperatures could increase the frequency of hurricanes, floods, droughts, forest fires, and could cause sea levels to rise due to the melting of the polar ice caps. Other examples of emerging risks are epidemics and pandemics, as well as risks stemming from the development of nanotechnology or genetic engineering. The losses and environmental damage caused by the explosion of the oil platform "Deepwater Horizon" in April 2010 can also be considered to be an emerging risk. In an attempt to contain the leaking crude oil, the prohibition on using the chemical Corexit was temporarily lifted in order to permit use of this chemical to eliminate the crude oil. Since this chemical can cause serious illness, collect in organisms and persist in the environment decades later, future insurance claims in connection therewith are possible.

Despite its efforts at early identification and continuous monitoring of emerging risks, Talanx cannot guarantee that it will be able to identify all emerging risks and implement measures to avoid or minimise claims exposure to them. Defects and inadequacies in the identification and response to emerging risks could lead to unforeseen damages and could materially and adversely affect Talanx's business, results of operations and financial condition.

The Group's consolidated subsidiary Hannover Re is publicly listed, with 49.78% of its shares held by shareholders outside the Talanx Group. The Issuer's oversight of and influence on Hannover Re's business operations is limited, and the Issuer could lose its majority stake in Hannover Re.

Talanx's reinsurance segments are operated primarily by Hannover Re and its subsidiaries. Hannover Re is publicly listed, and 49.78% of its shares are held by external shareholders, who have minority rights under German stock corporation laws. Accordingly, the Issuer's ability to exercise oversight and a controlling influence over Hannover Re and its business is limited. In addition, there is a regulatory risk in connection with the implementation of the Solvency II directive that, when calculating the Group's solvency capital requirements, the risks originating from the business operations of Hannover Re Group might need to be taken fully into account, while at the same time the equity share held by minority shareholders might be included only in part or not at all when calculating the group-wide equity funds available for covering these regulatory solvency capital requirements.

Furthermore, if the Issuer's shareholding in Hannover Re falls below the threshold of 50%, the Issuer would lose its majority in the voting rights in Hannover Re. This situation could arise, for example, if Hannover Re carries out a capital increase and the Issuer cannot participate in this capital increase. If Talanx ceases to have majority control of Hannover Re, Talanx would no longer consolidate Hannover Re in its consolidated financial statements, which would substantially reduce the consolidated balance sheet and certain items in the consolidated statements of income (for example gross written premiums), and could have various other effects on key financial figures of the Talanx Group, including capitalisation and solvency ratios.

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

LEGAL AND TAX-RELATED RISKS

Talanx is required by law to comply with capital requirements and a large number of other regulatory requirements. Changes in the existing requirements and the introduction of new legal requirements, especially as a result of the Solvency II directive, can have material adverse effects on Talanx's business, results of operations and financial condition.

The insurance business is subject to extensive regulation and supervision. Regulatory authorities in the countries in which Talanx operates have wide-ranging authority and the ability to enforce such authority. Talanx incurs substantial costs to remain in compliance with applicable insurance rules and regulations and to adapt its business and products in light of regulatory changes. National and international efforts to prevent another financial crisis have led to extensive regulatory changes, which affect Talanx's business. Since the 2008 financial crisis, insurance and banking regulators have increased regulation and supervision of financial institutions in many countries. Systemically important companies in the financial and insurance industry are a particular point of focus for regulators in the United States and the EU. Entities whose collapse would likely have widespread and unforeseen consequences for the global financial system can expect substantially tighter requirements under future regulations, especially with regard to their level of capitalisation. On 4 November 2011 the G20 group of 20 major economies adopted a resolution naming 29 banks identified by the Financial Stability Board ("**FSB**") as systemically important ("**G-SIBs**"). The list is updated annually and currently includes 29 G-SIBs. In July 2013, the International Association of Insurance Supervisors ("**IAIS**") published a methodology for identifying global systemically important insurers ("**G-SIIs**") as well as a set of policy measures that shall apply to them. Using the IAIS methodology and in consultation with the IAIS and national authorities, the FSB identified an initial list of nine G-SIIs. This list shall be updated annually starting from November 2014. The initial list does not include Talanx. In addition, there are proposals to introduce a financial transaction tax in the European Union and to install an EU-wide insolvency security fund for insurance companies financed by mandatory contributions. If any of these proposals were adopted or if Talanx was included in the list of G-SIIs, it could have adverse consequences for Talanx.

In recent years, there have also been fundamental changes in the structure of regulatory bodies, especially at the EU level. As of 1 January 2011, the new European Insurance and Occupational Pensions Authority ("**EIOPA**") has replaced the former CEIOPS. The main responsibility of EIOPA is to develop technical regulatory and enforcement standards and recommendations and guidelines for coordinating national regulatory authorities. Technical regulatory and enforcement standards will become binding after they are accepted by the European Commission. EIOPA recommendations and guidelines are normally not directly binding on insurance companies, but national regulatory authorities are required to comply with these EU standards or explain any significant deviations in their supervisory practice. In exceptional circumstances, EIOPA can also issue instructions to national authorities and take direct action itself by issuing binding decisions to insurance companies if the national authorities fail to comply. In light of these powers, EIOPA's efforts could lead to an increase in the regulatory requirements with which Talanx has to comply.

In addition, the Solvency II directive exposes Talanx to legal uncertainties and risks. This directive still requires implementing acts from the European Commission and national legislation by the EU Member States. As a result of delays in adopting an amending directive (the "**Omnibus II Directive**"), it is presently unclear when exactly these implementing acts and legislation will come into force. It is also unclear what their exact content will be and to what extent the different Member States will ensure a European-wide regulatory level playing field for insurers. The Solvency II directive generally seeks to tighten quantitative and qualitative supervision of insurers, require greater transparency, increase higher minimum levels of statutory capital, impose more rigorous

internal corporate risk control systems and require more extensive reporting and documentation procedures. These requirements could be further tightened by implementing acts on the EU and the Member State level, which could have adverse effects on Talanx.

For example, it is possible that the risks originating from the business operations of subsidiaries with minority shareholders would have to be taken fully into account when calculating the group-wide solvency capital requirements, while at the same time the equity share of such minority shareholders would be included only in part or not at all when calculating the group-wide equity funds available for covering these solvency capital requirements. Since Talanx has several large subsidiaries with minority shareholders, it could suffer from competitive disadvantages in comparison to insurance companies consisting primarily of wholly-owned subsidiaries. This risk has increased since completion of the initial public offering of shares of Talanx Aktiengesellschaft ("**IPO**") in 2012. Since the IPO in 2012, HDI V.a.G. retains majority control in Talanx with a current holding of approximately 79.0% of the share capital of the Issuer. Therefore, under the applicable regulatory rules, the group-wide solvency capital requirements continue to be calculated at the level of HDI V.a.G. and the risks from the business operations of Talanx may need to be fully attributed to HDI V.a.G. However, since the IPO, the shares of the minority shareholders of Talanx AG might only be included in part or not at all when calculating the group-wide equity capital available to satisfy solvency capital requirements. This would lower the relevant group solvency under the applicable regulatory rules.

After Solvency II is implemented in German law, Talanx intends to file requests for approval of internal risk models for the Talanx Group and the Hannover Re Group. These internally-developed risk models are intended to be used instead of the so-called standard formula contained in the Solvency II directive to calculate the solvency capital requirements for the Talanx Group. The Issuer believes that its internal models are more appropriate for the business model and the risk structure of the Talanx Group and the Hannover Re Group, and that these internal models will lead to a better presentation of the diversification effects within the Group. The Talanx Group and the Hannover Re Group have, therefore, been undergoing an audit process – the so-called pre-application phase (*Vorantragsphase*) – with the BaFin since 2008. However, the Group's requests for approval of the internal models developed by Talanx might not be successful. For example, the approval of a separate internal model for a part of a corporate group is generally not contemplated under Solvency II if the partial group is subject to the same national supervision as the parent company of the group (as is the case with Talanx AG and the Hannover Re Group). The Omnibus II Directive, as adopted by the European Parliament in March 2014, foresees a seven-year transitional period after 31 March 2015 during which Member States could make an exception to this rule. If the BaFin rejects the Group's application for a separate internal model for the Hannover Re Group, this could lead to material adverse effects on the competitive strength, share price and credit rating of the Hannover Re Group.

Other reasons could also delay the approval process or cause the BaFin to completely or partially reject the requests or to permit them only with modifications or requirements adverse to Talanx. This could have the result that Talanx suffers competitive disadvantages in relation to other insurance companies and could lead to significantly higher capital requirements, rating downgrades and other adverse effects.

Competitive disadvantages could also result if Talanx succeeds with its requests for approval, but the legislator or competent supervisory authorities fail to establish a level playing field with regard to political assumption allowed to be applied for calculation purposes by users of the standard formula and not allowed to be applied by users of internal models. Talanx could be put at a disadvantage vis-à-vis insurers using the standard formula. Moreover, if Talanx needs to introduce major changes to its models in the future (e.g., as a consequence of future acquisitions), it might be permitted to do

so only after a renewed approval process, which would again involve the risks of delay and/or complete or partial rejection.

If any of the regulatory risks above materialises, this could have material adverse effects on Talanx's business, results of operations and financial condition.

The IFRS proposals for future accounting of insurance and reinsurance contracts could lead to substantially higher volatility for Talanx's financial results, equity and solvency capital and cause additional costs.

The IFRS standard (IFRS 4) applicable for the accounting of insurance contracts as of the date of this Prospectus is a transitional provision which remains in place until the International Accounting Standard Board ("**IASB**") has adopted a finalised standard regarding the valuation of insurance contracts. IFRS 4 currently permits the retention of previously applied accounting rules. The Talanx Group has made use of this option and currently accounts for technical insurance line items in the consolidated financial statements in accordance with U.S. GAAP as at time of initial application of IFRS on 1 January 2005 – provided IFRS 4 contains no special provisions to the contrary.

Following publication of the exposure draft "Insurance Contracts" (ED/2010/8) in 2010, the IASB published a revised exposure draft (ED/2013/7) on 20 June 2013. The revised exposure draft provides for a transition period of three years for application of the new accounting rules. The draft is based on an a measurement model consisting of four components: Expected present value of future cash flows, discounted time value of money, risk adjustment for cash flow uncertainties and a contractual service margin (profitability that the entity expects the contract to generate). According to the current draft of the new rule, the valuation of insurance contracts will be made in the future on the basis of their performance value which must be determined and recalculated anew as of the date of the financial statements on the basis of the then current valuation factors by discounting the expected future cash flows under the insurance contract. Changes in valuation criteria, such as the discount rate, could cause changes in valuation, which on the one hand would be reflected directly in the Group's statement of other comprehensive income and on the other hand would - regarding other changes - (e.g. risk adjustment for cash flow uncertainties) be reflected directly in the Group's statement of profit and loss, which could cause the Group's revenues and equity capital to be substantially more volatile. This increase in volatility could lead to various disadvantages for the Talanx Group, above all an increase in the cost of capital and a corresponding decrease in the share price. It might also be necessary to account for the capital investments used to cover the technical insurance reserves at the fair market value pursuant to IFRS 9 in order to avoid an "accounting mismatch". Adjustments in the structure of the insurance and reinsurance products offered by the Talanx Group and the structuring of the premiums could also be necessary. Changes in the valuation of insurance contracts could also impose substantial new demands on the internal data processing and accounting systems and could lead to significant additional strain on various group functions within the Talanx Group. A change in the accounting rules could also prove challenging to the management of the Issuer, because key numbers in Group reporting prior to the change would no longer be completely comparable with the corresponding key numbers after the change is implemented.

The IASB is also currently developing new rules for accounting and valuing financial instruments which are intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". This project has three main phases which are referred to as Classification and measurement (Phase 1), Impairment methodology (Phase 2) and Hedge Accounting (Phase 3). The first phase was concluded in November 2009. Amongst other things, IFRS 9 introduces new provisions for classifying and measuring financial assets. In this context, financial assets must be classified into two measurement categories (at fair value or amortised cost). Crucial for this categorisation are the

contractually agreed cash flows associated with the financial instrument as well as the type of financial instrument management employed by the Group (business model). This standard was expanded in October 2010 to include rules governing the accounting treatment of financial liabilities and derecognition of financial instruments, the latter having been imported unchanged from IAS 39. Furthermore, the IASB published a draft amendment on IFRS 9 in November 2012, which provides for a third measurement model for financial assets. Under certain conditions, debt instruments can therefore be measured at fair value, recognising any changes in value under OCI. On 19 November 2013 the IASB finalised phase 3 as part of the revision of IFRS 9 and published the new section on the accounting treatment of hedging relationships (hedge accounting). IFRS 9 no longer includes an initial application date either. Consequently, the mandatory initial application date from 1 January 2015 contained in IFRS 9 will be removed; the initial application date is not expected before 1 January 2017. Neither IFRS 9 nor the consequential amendments mentioned have been ratified yet by the EU. The Group has still to analyse the full implications of IFRS 9, including the two additional phases (rules on recording impairments and on recognising hedging relationships). It is already becoming clear, however, that the revised rules will have an influence, inter alia, on the accounting treatment of financial assets within the Group.

As with the proposed IFRS 4 standard discussed above, these changes could lead to an increase in the volatility of the Group results. In addition, the changes could place additional demands on the existing IT infrastructure and products as well as processes within the Talanx Group. Each material change in the accounting rules applicable to insurance companies could also require products and premium structures in the primary and reinsurance businesses of Talanx to be adapted, and could cause additional costs.

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 Talanx.

Other developments in legislation and case law in countries in which Talanx operates could materially and adversely affect Talanx's business, results of operations and financial condition.

In addition to financial and insurance regulation, Talanx is affected by many other legal provisions, such as regulations concerning retirement pensions and social insurance systems, labour law, general civil law and insurance contract law, consumer protection provisions, anti-discrimination rules, rules against unfair terms and conditions as well as rules about access to information and data protection. Changes in these rules or their interpretation and application by the courts and public authorities could require Talanx to undergo a cost-intensive restructuring of its business and could have other adverse effects on Talanx.

In some of these areas of law, there has been a trend in recent years to increase requirements on financial services and insurance companies. For example, courts in Germany and in other countries in which Talanx operates have interpreted the duties of care and the disclosure rules regarding the distribution of financial and insurance products more strictly in the recent past, especially for products sold to consumers. In addition, various courts have interpreted insurance contracts in manners favourable to policyholders, which has retroactively expanded the scope of coverage and benefits provided by the insurer, or have found certain stipulations, in particular if they are based on general terms and conditions, to be invalid and unenforceable. Case law and new legislation in Germany (for example reforms of the German Act on Insurance Contracts) and elsewhere has also tightened the requirements regarding documentation of insurance policies. In light of these developments, certain contractual stipulations used by Talanx in its insurance policies and its distribution agreements with brokers, agents, partner banks and other intermediaries could be determined to be invalid and unenforceable.

For example, 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*). According to case law from the German Federal Court of Justice (*Bundesgerichtshof*), insurers are – with regard to the surrender value – 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. According to the jurisdiction of the Federal Court of Justice, certain terms and conditions in relation to cash surrender values for life insurance policies and acquisition costs in insurance contracts concluded between 1994 and the end of 2007 are invalid. Even though Talanx was not party to these proceedings, it is and will be confronted with demands by its policyholders to re-calculate the cash surrender values for life insurance policies concluded in the relevant time period 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), part of which was realised in 2013. Although the jurisdiction of the Federal Court of Justice originally applies to the terms and conditions used between 1994 and 2007, it might also affect terms and conditions used from 2008 to 2013 in relation to the deduction taken from the surrender value in case of a termination of the contract.

Talanx is also closely monitoring pending German court proceedings in which plaintiffs claim to have a right to cancel insurance contracts concluded according to the 'policy' model (*Policenmodell*). According to the 'policy' model which was practiced by German insurance companies until the end of 2007, insured parties received the relevant insurance information (general conditions and consumer information) only with the policy document, i.e. after signing the application form. The plaintiffs allege that the version of Section 5a(2) sentence 4 of the German Act on Insurance Contracts, which was in force until 31 December 2007, violated European law. This version of the section provided that the cancellation right of an insured party expired at the latest one year after payment of the first premium, even where no clear information about the cancellation right was provided. A number of appellate courts in Germany have rejected this argument. The European Court of Justice, however, ruled that European directives on life insurance preclude a national provision such as former Section 5a(2) sentence 4 of the German Act on Insurance Contracts. The German Federal Court of Justice had asked the European Court of Justice for a ruling on this point in March 2012. The German Federal Court of Justice decided on 7 May 2014 with respect to the legal consequences of the ruling that an insured person may assert the cancellation right even after the lapse of the one year period in case of insufficient cancellation right information / omitted consumer information or omitted handing-over of the insurance conditions in life insurance. So far it was unclear whether insured parties will have the right to subsequently exercise a cancellation right. At the moment, Talanx is considering which consequences the ruling has. Depending on the number of affected contracts and customer behaviour it could represent a material risk for Talanx. Moreover, the Federal Constitutional Court just recently ruled that German Courts will have to examine thoroughly whether the 'policy' model itself might be subject to a preliminary ruling of the European Court of Justice. The judgement was a result of a constitutional complaint. In March 2014, HDI Lebensversicherung AG has been asked to comment on four other constitutional complaints pending at the Federal Constitutional Court relating to four judgements of the Higher Regional Court (*Oberlandesgericht*) of Cologne. HDI Lebensversicherung AG had been defendant to these proceedings and the Higher Regional Court had dismissed the claims without asking for a preliminary ruling of the European Court of Justice on the 'policy' model.

In several judgments concerning banks, the German Federal Court of Justice has held that bonuses paid by banks to fund managers which were not disclosed to the customer are not permissible and

that the bank is required to pay damages to the customer. Attempts to extend the holding of these cases to the insurance sector have been rejected by the appellate courts to date (for example in instances where bonuses are paid to fund managers for life insurance policies which are linked to a fund). However, the Federal Court of Justice has not yet decided on this issue and might treat bonuses paid by insurance companies in a similar manner as those paid by banks to fund managers.

New rules about free access to information of public authorities, especially under the German laws on freedom of information pose additional risks for Talanx. The possibility cannot be ruled out that business secrets which Talanx is obliged to disclose to regulatory authorities (for example to BaFin) become public knowledge as a result of this, to the detriment of Talanx.

These legal risks and other legal risks, including from other areas of law, could have a material adverse effect on the business, results of operations and financial condition of Talanx.

Talanx is subject to stress tests and similar regulatory analyses which could negatively impact Talanx's reputation and financing costs or trigger enforcement actions by regulatory authorities.

In order to assess the level of capital in the insurance sector, the national and supra-national regulatory authorities (such as the EIOPA) periodically require solvency calculations and conduct stress tests where they examine the effects of various adverse scenarios on insurers (for example a strong downturn in the interest rates). For example, such a stress test has been initiated by EIOPA in 2014 with Talanx being designated to participate. In addition, regulators have carried out a number of studies on the quantitative effects of proposed changes to capital rules in the recent past (quantitative impact studies, "QIS"), particularly with regard to the Solvency II directive. Announcements by regulatory authorities about carrying out such tests can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. In the event that Talanx's results in such a calculation or test are worse than those of its competitors and these results become known, this could also have adverse effects on Talanx's financing costs, customer demand for Talanx's insurance and reinsurance products and Talanx's reputation. Furthermore, regulatory authorities could use a poor result by Talanx in such calculations or tests as a basis on which to take regulatory measures, which could have adverse effects for Talanx. If any of the risks above occurs, this could materially and adversely affect Talanx's business, results of operations and financial condition, or ability to pay dividends.

Talanx's business depends on a large number of approvals, licenses and permits and the cancellation, refusal to grant or failure to obtain these approvals, licenses and permits could materially and adversely affect Talanx's business, results of operations and financial condition.

The insurance and reinsurance businesses in most jurisdictions in which Talanx operates require approvals, licenses and permits granted by courts, governmental authorities or other agencies. For example, primary insurance companies and reinsurance companies in Germany require a license from the BaFin if they do not already have a corresponding license from a Member State of the EU or another country of the EEA. Before such a license is granted, the BaFin carefully examines whether the applicant meets German insurance regulatory standards for organisational, financial and legal matters. German regulators carry out detailed background checks on senior management, the supervisory board members and holders of qualifying shareholdings (*wesentliche Beteiligungen*) as well as the professional qualifications of senior management and the supervisory board members. Furthermore, applicants must submit a detailed business plan, describing the type and scope of the proposed business. Applicants must also demonstrate that they have a sufficient

level of capital for the proposed business. Comparable examination proceedings and approval procedures exist in other countries as well.

If these approvals, licenses or permits are cancelled or declined or if Talanx fails to obtain or maintain these approvals, licenses or permits, Talanx could be forced to discontinue its business operations in the relevant jurisdiction, and this could materially and adversely affect Talanx's business, results of operations and financial condition.

Third parties could prevent Talanx from using important intellectual property rights, and Talanx could become subject to claims that it has violated the intellectual property rights of others.

Talanx distributes its products under a multi-brand approach, using a number of different trademarks, names and logos. In addition, Talanx uses a number of other important intellectual property rights, including IT-related intellectual property rights. Talanx is therefore dependent on the effective registration and protection of the intellectual property rights which it owns and on the effective maintenance and renewal of any licensing agreements under which it acquires the right to use important intellectual property rights. If Talanx fails to register or protect its intellectual property rights or to maintain and renew its license agreements, it might be prevented by third parties from using important intellectual property rights and might become subject to claims that it has violated the intellectual property rights of others. This could reduce sales, erode margins or damage Talanx's reputation, any of which could have a material adverse effect on the business, results of operations and financial condition of Talanx.

Talanx is subject to tax risks, especially as a result of changes in tax law or its interpretation and application, including the discontinuation of tax benefits for Talanx products, or as a result of external or tax audits detrimental to Talanx.

Talanx benefits from certain tax provisions by offering certain insurance products such as life insurance retirement products in Germany ('Riester' and 'Rürup' products) or operating certain subsidiaries or branches in particular jurisdictions (for example in the Republic of Ireland). If these tax provisions or their interpretation and application by the tax courts and the practice of the tax authorities change in the future or if taxation in the countries in which Talanx operates otherwise changes adversely (for example as a result of external tax audits with outcomes detrimental to Talanx), or if Talanx chooses unfavourable tax structures when developing its products or fails to optimise tax arrangements (also in relation to its acquisitions and divestitures), this could materially and adversely affect Talanx's business, results of operations and financial condition.

Internal restructurings within the Group can subject Talanx to unanticipated tax problems. For example, in 2010, the Talanx Group was reorganised from being segment-oriented to being customer-oriented. Whenever Talanx Group takes such or comparable measures, it tries to carefully assess the tax consequences in advance and to choose the most tax efficient alternative available. However, tax authorities could classify certain restructuring measures in a manner which results in additional tax liabilities or the loss of other tax benefits for the Talanx Group.

Talanx is exposed to potential significant liabilities and administrative duties under the U.S. "Foreign Account Tax Compliance Act" ("**FATCA**") which generally took effect on 1 January 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 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 Talanx

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 Talanx to completely redeem, liquidate or otherwise remove the U.S. assets from Talanx's portfolio than to enter into such an agreement with the IRS. Talanx might then have to limit itself to non-U.S. assets in future investment activities, which could cause Talanx to forgo potentially more profitable transactions. Additional withholding taxes on certain payments do not arise for financial institutions in countries which entered into bilateral agreements with the United States, such as Germany, Italy, Spain and the United Kingdom. Further countries in which Talanx is active (as, for example, Luxembourg, Poland, South Africa, Austria and Russia) are expected to conclude similar agreements. However, the risk of withholding taxes being imposed on certain transactions would still exist for certain other countries like, for example, Turkey. Since the interpretation of the respective rules relating to FATCA are to a certain extent still unclear it cannot be excluded that transactions in certain countries might be infected by non-compliance in other countries. Also, if Talanx 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 Talanx.

Talanx Group companies are parties to legal, regulatory and other proceedings, negative outcomes in which could materially adversely affect Talanx's business, results of operations and financial condition.

Companies of the Talanx Group are involved in legal disputes and arbitration and administrative proceedings in Germany and a number of foreign jurisdictions, including the United States. These proceedings involve claims by and against them in connection with their activities as providers of insurance and financial services, employers, investors and taxpayers. For example, on 28 September 2011, the Italian Competition Authority (*Autorita Garante della Concorrenza e del Mercato*) imposed a fine of about EUR 6 million on HDI-Gerling Industrie – along with other Italian insurers – on account of alleged cartel agreements in the Campania Region. On 2 December 2011, HDI-Gerling Industrie lodged an appeal against this decision, upon which the decision was partially quashed by the Regional Administrative Court (*Tribunale Amministrativo Regionale*) of the Lazio Region in Rome, in particular with regard to the amount of the fine. For a new calculation of the fine, the court has sent the case back to the competition authority. The Italian Competition Authority calculated a reduced fine in August 2012. On 16 November 2012, HDI-Gerling Industrie lodged an appeal against this decision to the Court of Last Instance (*Consiglio di Stato*) which rejected the appeal and upheld the Italian Competition Authority's cross appeal. Therefore, the Court of Last Instance reformed the Court of First Instance's decision confirming the original decision of the Italian Competition Authority. Other pending proceedings include a dispute over the appropriateness of cash compensation paid to minority shareholders pursuant to a squeeze-out procedure carried out by the Talanx Group in 2007 at Gerling-Konzern Allgemeine Versicherungs AG, which was later merged into HDI-Gerling Industrie. Former minority shareholders applied for a court review of the compensation in an appraisal proceeding (*Spruchverfahren*), which is pending before the District Court (*Landgericht*) of Cologne. The Issuer believes that the plaintiff's claim for increased compensation is without merit. If the court were to award higher cash compensation, Talanx could be required to pay additional amounts in respect of the approximately ten million shares that were formerly held by minority shareholders.

In addition, companies of the Talanx Group are involved in numerous disputes and proceedings which arise in the ordinary course of the Group's insurance business. Especially in the Industrial Lines segment, where HDI-Gerling Industrie enjoys a strong position in particular in the liability

insurance business, companies of the Talanx Group are involved in or affected by legal disputes relating to product liability claims, industrial accidents and other insured events that lead to large aggregate losses (accumulation losses). In the majority of cases, such involvement is indirect, for example if a lawsuit is brought against a policyholder of the Talanx Group, and the Group is obligated to provide legal defence and/or indemnity under the terms of the liability insurance policy. In some cases, however, Talanx Group companies have a direct involvement in disputes and proceedings as a defendant. For example, in one case concerning alleged investment misrepresentation by a policyholder insured with Talanx in the context of the distribution of movie and film investment funds in Germany during the years 1997 through 2002, a large number of investors have brought direct claims against HDI-Gerling Industrie after the policyholder has filed for insolvency. Other significant cases in which Talanx Group companies are involved as defendants concern disputes with policyholders about the scope of coverage. The largest cases in this respect relate to product liability claims for alleged defects in chemical and medical products.

It is impossible to predict the outcome of these and other pending or threatened disputes or proceedings. Outcomes less favourable for the Talanx Group than expected, significant new disputes or proceedings, or substantial delays in existing disputes or proceedings could have a material adverse effect on Talanx's business, financial condition and results of operations.

Talanx could be subject to claims by customers for allegedly incorrect advice or other irregularities in the distribution of insurance contracts and financial investment products.

Insurance agents, brokers and financial advisers at banks sell a substantial volume of Talanx's insurance and other financial products as intermediaries for Talanx. Under certain circumstances, Talanx companies may be liable for misconduct on the part of intermediaries in connection with the signing of an insurance contract or the customer service and advice prior to and after signing a contract. Such misconduct, or alleged misconduct, could damage Talanx's reputation and lead to adverse legal or regulatory consequences such as contract termination claims or damages or fines. If such cases occur regularly, or are prominently publicised, they could materially and adversely affect Talanx's business, results of operations and financial condition.

Subsidiaries of Talanx AG were occasionally confronted with the issue that with regard to certain products insufficient information had been given to policyholders at the inception of the contract regarding certain cost positions that were set out in the business plan and charged to the policyholder. Following the discovery of such issues, the charging of unjustified cost positions has been reversed in all affected policies in force. Talanx has taken measures attempting to prevent similar cases in the future. However, it cannot be ruled out that customers may assert claims against Talanx on account of such mistakes or similar issues.

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 Talanx.

The business and reputation of Talanx could be adversely affected by actual or alleged violations of laws, standards of conduct or accounting rules or by other irregularities at Talanx or other companies in the insurance and financial services industry.

In light of the large number of regulations, provisions and standards of conduct with which Talanx must comply in various countries, there is an inherent risk of liability due to actual or alleged violations of such norms, which may also lead to regulatory bodies investigating Talanx Group's business with potential financial and/or reputational risks being associated therewith. The Group tries to minimise this risk by means of comprehensive compliance programmes but these compliance programmes may fail to prevent such violations.

For example, Talanx handles within the Group personal and other sensitive data that is subject to rules about access to information and data protection using data processing systems and may share such data with, *inter alia*, agents, service providers, other insurers or banks and their agents, other intermediaries and with recognised trade, governing, and regulatory bodies for purposes of, *inter alia*, insurance administration (including underwriting, processing, claims handling, reinsurance and fraud prevention). Although Talanx aims to ensure that its access authorisation systems to such data are state of the art and that those persons with whom Talanx shares protected data also handle such data responsibly, it cannot be excluded that, for example due to criminal action, protected data is made available to a third party in violation of data protection laws as happened in the past in singular cases. As a further example, due to the reorganisation, particularly as a result of the integration of the Gerling insurance group, as well as regular updates of the Group's IT systems, there is the inherent risk of at least temporary defects in the Group's electronic data access system.

Talanx may also suffer reputational risks from actual or alleged violations of its various legal duties. For example, insurance companies which provide retail insurance are subject to increased public attention and are often the subject of media reporting (for example in consumer protection shows on television). Such reporting often takes a very critical view of the insurance industry. If such reports present Talanx in a negative light, this could lead to losses of customers and market share. Recently, irregularities, for example with respect to the usage of personal and sensitive data, as well as questionable business practices at other insurance companies have harmed their reputations. There is a risk that Talanx could suffer by being associated with a generally negative image of the insurance industry.

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 Talanx.

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 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 23 July 2026, 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, 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 . 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 and the Issuer will discharge its payment obligations under the Notes by making payments to Clearstream 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 and its depository 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 and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The Luxembourg government has announced its intention and undertaken first steps to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. In addition, also Austria has undertaken to implement an automatic exchange of information in the future (with no concrete date of implementation given at the moment). 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

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 after 30 June 2014, (ii) any Notes issued or materially modified on or after 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 (iii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued, pursuant to the foreign account tax compliance provisions of FATCA. 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 has a positive "passthru percentage", and (iii)(a) 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. On 31 May 2013 the United States and the Federal Republic of Germany concluded an intergovernmental agreement to "Improve International Tax Compliance and with respect to the United States Information and Reporting Provisions Commonly Known as the Foreign Account Tax Compliance Act" (the "**German IGA**"). Under the German IGA, the United States and the Federal

Republic of Germany have agreed to implement FATCA through domestic reporting duties for financial institutions, an automatic exchange of account information between the public authorities of the two countries and on the basis of existing bilateral tax treaties. The impact of the German IGA 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

€ 500.000.000 2,50 % festverzinsliche
Schuldverschreibungen fällig 2026

der

Talanx AG, Hannover,
Bundesrepublik Deutschland

TERMS AND CONDITIONS

of the

€ 500,000,000 2.50 % Fixed Rate Notes due 2026

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 € 500.000.000.

(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 € 500,000,000.

(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**"). 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 (ii) Schuldscheindarlehen nach deutschem Recht.

§ 3 ZINSEN

- (1) **Verzinsung.** Im Zeitraum ab dem 23. Juli 2014 (der "**Zinslaufbeginn**") (einschließlich) werden die Schuldverschreibungen bezogen auf den Gesamtnennbetrag in Höhe von jährlich 2,50 % verzinst. Die Zinsen sind nachträglich jeweils am 23. Juli eines jeden Jahres (jeweils ein "**Zinszahlungstag**") zahlbar, erstmals am 23. Juli 2015.
- (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 Schuldverschreibungen

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 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 23 July 2014 (the "**Interest Commencement Date**") the Notes bear interest on their aggregate principal amount at a rate of 2.50 % per annum. Interest shall be payable annually in arrear on 23 July of each year (each an "**Interest Payment Date**"), commencing on 23 July 2015.
- (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 23. Juli 2026 (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 23 July 2026 (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 in 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 Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, Vereinigtes Königreich 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,

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 Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom 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

werden im Bundesanzeiger (soweit erforderlich) 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

extent required) and (so long as the Notes are listed on the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange on www.bourse.lu. Any notice will become effective for all purposes on the date of the first such publication.

- (2) **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

den Ländern), in dem (in denen) die 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

the payment obligations arising from or 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

mit Ausnahme der Ersetzung der Emittentin, 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 Be-

substitution of the Issuer, which is exclusively 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 aggregate 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 meet-

- schlussfassung den Anleihegläubigern 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
- ing.
- (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

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 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.

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 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 § 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 Issuer 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 § 2(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.

"**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 § 2(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).

"**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 about 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 Federal Gazette of Germany (*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 315,997,042.50 consisting of 252,797,634 no-par value registered shares (*auf den Namen lautende Stückaktien*). The shares are fully paid up.

Shares

Since 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. The Talanx share has been included in mid-cap index MDAX of the Frankfurt Stock Exchange since 12 December 2012. The Talanx share is also listed on the regulated market of the Warsaw 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 79.0% 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 14.5% (including employee shares) 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. 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 (now: HDI 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 1 January 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). The non-life companies TUIR Warta S.A. and HDI Asekuracja TU S.A. were merged in December 2012. The merger of the Polish life companies was executed in mid 2013.

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.

In 2012, Talanx International AG and the Japanese group Meiji Yasuda Life Insurance Company have acquired the Polish TU Europa Group.

With admission to trading of the Talanx share on 2 October 2012, Talanx AG concluded its IPO successfully. The IPO consisted of initial public offerings in the Federal Republic of Germany and the Grand Duchy of Luxembourg and private placements in selected other jurisdictions. The issue size amounted to EUR 817 million in total, including greenshoe and including EUR 300 million subordinated bond held by Meiji Yasuda Life Insurance Company which was fully converted into shares at the issuing price of EUR 18.30 per share. A total of 44.6 million shares were placed (including the greenshoe option and the bond conversion).

Further, in the fourth quarter of 2012, the former risk carriers HDI Direkt Versicherung AG and HDI-Gerling Firmen und Privat Versicherung AG were merged and re-branded as was HDI-Gerling Lebensversicherung AG. Since then, property/casualty and life insurance (other than bancassurance products) in the Talanx Group's German retail business are being provided by HDI Versicherung AG and HDI Lebensversicherung AG. The HDI-Gerling brand remains in use in the industrial insurance business.

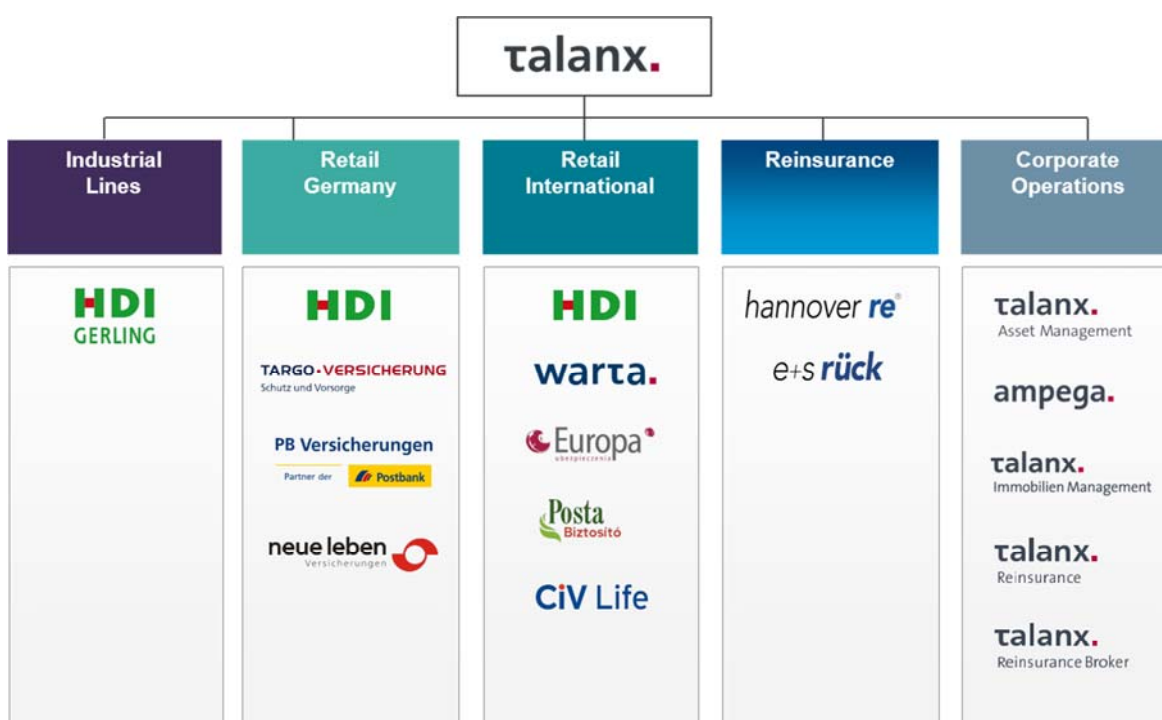
The Issuer is centrally responsible for developing the Talanx Group's strategy, is actively managing its participations and is providing access to the capital markets.

The Issuer's Business

Overview

Talanx is a major German and European insurance group with a global footprint. With over 100 years of experience in the insurance business, it operates as a multi-brand provider of many types of primary insurance and reinsurance. Talanx offers a comprehensive range of products in the areas of property/casualty and life insurance as well as non-life and life/health reinsurance. The Group operates in more than 40 countries worldwide through its subsidiaries or branches. Including its cooperation arrangements, the Group is active in about 150 countries. Industrial insurance and reinsurance products are offered worldwide. The largest footprint for the Group's retail business is currently still in Germany, but the Group has been significantly increasing its international retail business in recent years, particularly in growing economies in Central and Eastern Europe, Turkey and Latin America.

Talanx's brands include HDI Gerling, which offers insurance solutions for industrial customers, HDI, which offers insurance solutions for retail customers, Hannover Re, German bancassurance specialists TARGO Versicherungen, PB Versicherungen and neue leben, the well-known Polish insurance brands, Europa and WARTA as well as other well-known foreign insurance brands such as Magyar Posta Biztosító in Hungary and CiV Life in Russia, as well as the investment fund and asset management provider Ampega.



The primary insurance business of Talanx is split into three business segments that are geared towards customer groups: Industrial Lines, Retail Germany and Retail International. Reinsurance is offered primarily through the publicly-listed subsidiary Hannover Re and is split into the Non-Life Reinsurance and the Life/Health Reinsurance reporting segments. The Corporate Operations segment comprises management and other functional activities in support of the business conducted by the Group. This segment includes the Group's asset management companies, its internal reinsurance broker Talanx Reinsurance Broker AG and the Group internal reinsurance company Talanx Reinsurance (Ireland) Limited. Asset management for private and institutional investors outside the Group by Ampega Investment GmbH also belongs to this segment.

As of 31 December 2013, the Group employed a total of approximately 20,000 people (full-time equivalents). In 2013, the Group recorded gross written premiums of EUR 28,151 million (compared with EUR 26,659 million in 2012) and generated operating profits (EBIT) of EUR 1,784 million (compared with EUR 1,748 million in 2012). Group net income attributable to Talanx AG shareholders was EUR 762 million in 2013 (compared with EUR 626 million in 2012). Total consolidated assets stood at EUR 132,863 million as of 31 December 2013, up from EUR 130,350 million as of 31 December 2012.

Across the segments, the domestic German market still accounts for the majority share of gross written premiums, but its importance is steadily declining as the Group proceeds with its strategy of diversifying into new markets, most notably the growth regions of Central and Eastern Europe, Turkey and Latin America. The following table shows the regional breakdown of gross written premiums of the Talanx Group as of 31 December 2013 and 2012:

Gross written premiums by region (in EUR million) ¹	As of 31 December			
	2013		2012	
	(audited, unless otherwise indicated)			
	Primary insurance	Rein-surance	Primary insurance	Rein-surance
Germany	8,505	836	8,455	730
United Kingdom.....	140	2,617	131	2,765
Central and Eastern Europe (CEE), including Turkey	2,207	201	1,411	177
Rest of Europe	2,205	1,953	2,048	2,013
United States.....	334	3,293	226	3,158
Rest of North America	25	639	11	642
Latin America	1,246	841	1,111	799
Asia and Australia	178	2,414	122	2,337
Africa.....	41	476	24	499
Total	14,881	13,270	13,539	13,120

¹ After elimination of internal transactions within the Group across segments.

Industrial Lines

The Industrial Lines segment is coordinated by the Group's wholly-owned subsidiary HDI-Gerling Industrie. In 2013, the segment accounted for gross written premiums of EUR 3,835 million (compared with EUR 3,572 million in 2012). The Industrial Lines segment underwrites on a worldwide level through Talanx primary insurance entities (subsidiaries, dependent branches and affiliated companies) in 39 countries and is additionally capable to provide services through network partners in more than 100 countries. Outside Europe, Industrial Lines has a strong target focus on Latin America, the APEC region and the Arabian Peninsula. As an international industrial insurer, HDI-Gerling Industrie provides its customers in Germany and internationally with solutions that are specifically tailored to their individual needs. This includes specific support in risk assessment and risk management, where HDI-Gerling Industrie has a long track record of experience. The insurance products offered range from liability insurance, fire and property insurance (including engineering), motor insurance, personal accident and travel insurance and legal expenses insurance to marine, aviation and financial lines. The segment offers comprehensive insurance solutions on the basis of customised coverage concepts designed to protect against all types of entrepreneurial risks. In addition, HDI-Gerling Industrie has many years of expertise in claims management, so that claims assistance in this regard can be provided worldwide within a short period of time.

Retail Germany

The Retail Germany segment, headed by Talanx Deutschland AG, brings together Talanx's German business with private and commercial retail customers as well as all German bancassurance activities, and offers domestic customers comprehensive insurance protection. In the life insurance sector, the segment is also active in Austria through cross-border insurance services. The segment's product spectrum ranges from non-life insurances through all lines of life insurance and retirement provision to complete solutions for small and mid-sized enterprises and independent professionals. The Group distributes these products using a wide range of channels, including through tied agents' networks as well as sales through independent intermediaries and multiple agents, direct sales and bancassurance cooperations. In 2013, the segment recorded gross written premiums of EUR 6,954 million (compared with EUR 6,829 million in 2012).

Retail International

The Group's Retail International segment, headed by Talanx International AG, brings together the activities of the companies transacting retail business and business with small and medium-sized companies in property/casualty insurance, life insurance and bancassurance in markets outside Germany. The segment serves customers in 14 countries, with a particular geographical focus on the growth regions in Central and Eastern Europe, Turkey and Latin America. In this segment, Talanx offers predominantly to private and commercial customers comprehensive insurance protection, generating gross written premiums of EUR 4,220 million in 2013 (compared with EUR 3,261 million in 2012). The product range comprises, inter alia, motor insurance, property and casualty insurance, marine and fire insurance as well as various products in the life insurance sector. The segment has an experienced management and considerable underwriting expertise. By drawing upon local, industry-specific know-how and presence through an extended distribution network, Talanx is able to identify the particular requirements of its customers in these foreign markets 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 banks and one of them post offices as a sales channel in this segment.

Non-Life Reinsurance

The Group conducts its Non-Life Reinsurance principally through its subsidiary Hannover Re which is majority-owned by Talanx AG. The segment is active on a global scale and writes virtually all classes of non-life reinsurance both on an obligatory basis (treaty reinsurance) and on a facultative basis (single risk reinsurance), generating gross written premiums of EUR 7,818 million in 2013 (compared with EUR 7,717 million in 2012). In the Non-Life Reinsurance segment, the Talanx Group focuses 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

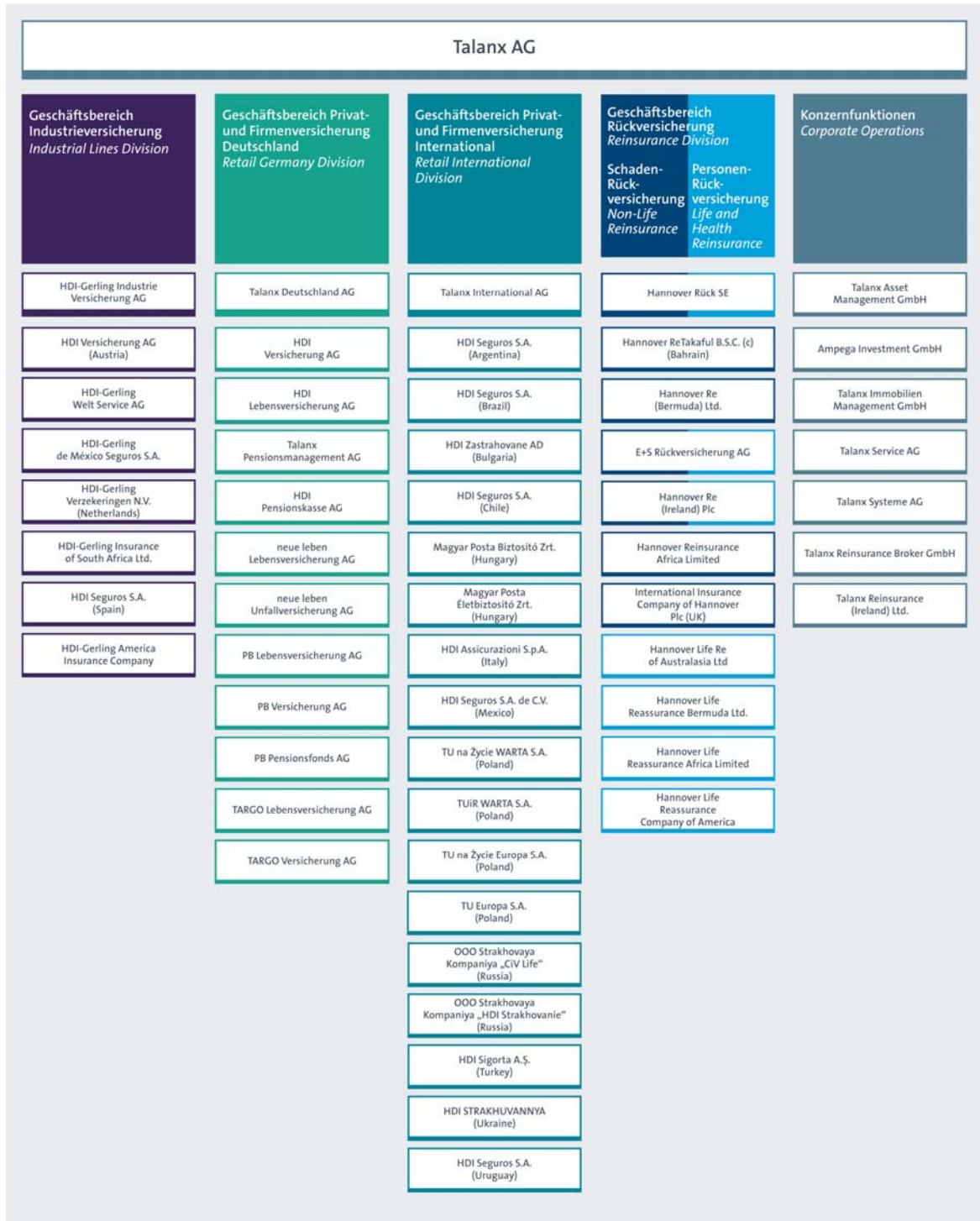
The Group's Life/Health Reinsurance segment brings together the Group's reinsurance activities in the life, annuity and health lines under the worldwide Hannover Re brand name. In addition, the Talanx Group also writes the accident line in this segment to the extent that it is transacted by life insurers, as well as speciality lines products such as Sharia-compliant reinsurance. This segment recorded gross written premiums of EUR 6,145 million in 2013 (compared with EUR 6,058 million in 2012).

Structure of the Talanx Group

The Talanx Group is headed by the financial and management holding company Talanx AG with its registered office in Hannover, Germany. The following chart provides an overview (in simplified

form) of the direct and indirect shareholdings of the Talanx Group as of the date of this Prospectus, taking into account the relevant successive interests (*durchgerechneter Beteiligungsanteil*):

Konzernstruktur
Group structure



Currently, HDI-Gerling Industrie is planning to convert its foreign units in Spain and the Netherlands from subsidiary companies into branches. The objective is for all the European foreign units in the Industrial Lines segment, with the exception of the Austrian business, to operate as branches. While

the project in Spain are scheduled for completion in 2014, the conversion in the Netherlands is set to be completed until 2016 at the latest.

As of the date of this Prospectus, a direct control and profit transfer agreement is in place between Talanx AG as the controlling entity and the following companies:

- Talanx Deutschland AG
- Talanx International AG
- Talanx Asset Management GmbH
- Talanx Service AG
- Talanx Systeme AG
- HDI-Gerling Industrie Versicherung AG
- Talanx Reinsurance Broker GmbH
- Bureau für Versicherungswesen Robert Gerling & Co. GmbH

Material Contracts

EUR 550,000,000 Multicurrency Revolving Facility Agreement dated 23 January 2014

On 23 January 2014, Talanx AG, Barclays Bank PLC as facility agent and original lender, Citigroup Global Markets Limited, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Limited, Natixis (German branch) and UniCredit Bank AG as further original lenders entered into a multicurrency revolving facility agreement, pursuant to which the lenders made available to Talanx AG and members of the Talanx Group (but excluding the Hannover Re Group) a revolving credit facility in the amount of EUR 550,000,000 for a period of five years. The facility can be drawn in euros, U.S. dollars, or any other currency which has been previously approved by the lenders. Each loan may be used for the repayment of any loans outstanding under a facility agreement entered into between Talanx AG, Barclays Bank PLC as facility agent and original lender, Barclays Capital, Citigroup Global Markets Limited, HSBC Bank plc, HSBC Trinkaus & Burkhardt AG, J.P. Morgan Chase Bank, N.A. (London branch) and UniCredit Bank AG as further original lenders on 13 July 2011, and 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 0.40% per annum and will subsequently be adjusted on the basis of Talanx AG's credit rating (i.e., between a minimum margin of 0.20% per annum if the credit rating is A+ or better and a maximum margin of 0.60% per annum if Talanx AG's credit rating is BBB+ or lower).

The lenders may, *inter alia*, terminate the agreement – which would result in Talanx AG and any other borrower being obliged to repay all outstanding loans under the facilities agreement – upon the occurrence of a change of control event, 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 or similar control over the management of Talanx AG by way of a contractual agreement. 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 Re below 50% (or if already reduced below 50%, further reduces Talanx's shareholding) unless Talanx AG re-invests the proceeds from such disposal in assets within six months after the relevant disposal. 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 30,000,000 (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 700,000,000 Single Currency Revolving Facility Agreement dated 21 December 2011

On 21 December 2011, Talanx AG, Royal Bank of Scotland as facility agent and original lender and Citibank International plc, Barclays Bank PLC, Deutsche Bank Luxembourg S.A., J.P. Morgan Chase Bank, N.A. (London branch) and Merrill Lynch International Bank Limited as further original lenders entered into a single currency revolving facility agreement, pursuant to which the lenders made available to Talanx AG and members of the Talanx Group (but excluding Hannover Re 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). The facility can be drawn in euros and may be used for the Talanx Group's general corporate purposes or for refinancing of amounts outstanding under the EUR 1,500,000,000 multicurrency revolving facility agreement dated 1 August 2005. 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 – which would result in Talanx AG and any other borrower being obliged to repay all outstanding loans under the facilities agreement – upon the occurrence of a change of control event, 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 or similar control over the management of Talanx AG by way of a contractual agreement. 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 Re below 50% (or if already reduced below 50%, further reduces Talanx Group's shareholding) unless Talanx AG re-invests the proceeds from such disposal in assets within six months after the relevant disposal. 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).

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. 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 Issuer believes that the plaintiff's claim for an increase in the cash compensation is without merit. If the court were to award higher cash compensation, this could require the Group to pay additional amounts in respect of the approximately ten million shares that were formerly held by minority shareholders.

Board of Management

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

Name	Responsibilities
Herbert K. Haas	Chairman of the Board of Management; Group data protection; Group development; Investor Relations; Group Communications; Legal Affairs; Internal Auditing; Executive Staff Functions/Compliance; Information Technology
Dr. Christian Hinsch	Vice-chairman of the Board of Management; Industrial Lines segment; Human Resources; Facility Management; Procurement; Reinsurance Purchasing
Torsten Leue	Retail International segment
Dr. Immo Querner	Finance/Participating Interests/Real Estate; Investments; Controlling; Collections; Risk Management; Accounting/Taxes; Treasury
Dr. Jan Martin Wicke	Retail Germany segment; Business Organisation
Ulrich Wallin	Reinsurance

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	Function within the Issuer
Wolf-Dieter Baumgartl	Chairman	
Ralf Rieger	Deputy Chairman	Employee, HDI Vertriebs AG
Prof. Dr. Eckhard Rohkamm	Deputy Chairman	

Antonia Aschendorf	Member	
Karsten Faber	Member	Managing Director, Hannover Rück SE, E+S Rückversicherung AG
Jutta Hammer	Member	Employee, HDI Kundenservice AG
Dr. Hermann Jung	Member	
Dr. Thomas Lindner	Member	
Dirk Lohmann	Member	
Christoph Meister	Member	
Jutta Mück	Member	Employee, HDI-Gerling Industrie Versicherung AG
Otto Müller	Member	Employee, Hannover Rück SE
Katja Sachtleben-Reimann	Member	Employee, Talanx Service AG
Dr. Erhard Schipporeit	Member	
Prof. Dr. Jens Schubert	Member	
Norbert Steiner	Member	

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 2013 and 31 December 2012 and the annual financial statements of the Issuer as of 31 December 2013 and 31 December 2012 were audited by KPMG and the auditors have issued in each case an unqualified auditors' certificate.

Recent Developments / Significant Changes / Trend Information

Recent Developments

As of 1 January 2014 HDI-Gerling Industrie converted its foreign unit in Belgium from a subsidiary company into a branch. In addition, the foreign unit in Austria was reallocated from HDI-Gerling Industrie to HDI-Gerling Welt Service AG in the first half of 2014.

On 23 January 2014, Talanx AG concluded a new syndicated credit line. This credit line has a volume of EUR 550 million, a term of five years and is the early replacement of the EUR 500 million credit line taken out in 2011.

The subordinate bond issued on 26 February 2004, through Hannover Finance (Luxembourg) S.A. amounting to EUR 750 million was called by the issuer on 17 January 2014, as at the first regular redemption date in the amount of the entire nominal sum. The redemption date was 26 February 2014.

Further, in connection with the MH370 Malaysia Airlines flight on 8 March 2014, the Hannover Re Group expects that its own net loss from the incident might be in the region of EUR 30 million, the total net loss of the Talanx Group approximately EUR 33 million.

The storm event in North-Rhine Westphalia (9/10 June 2014) is likely to be classified a large loss event (losses of above EUR 10 million gross) for the Talanx Group. At the same time, it is likely to fit well into the Group's large loss budget.

Since April 2014, the Talanx share is also listed on the regulated market of the Warsaw stock exchange.

On 2 July 2014 Hannover Re has completed a new transaction as part of its extended insurance-linked securities (ILS) activities. The company has transferred named storm risks for the Texas Windstorm Insurance Association (TWIA) to the capital markets by placing a catastrophe bond which matures in approximately three years. The assumed risks are limited to the state of Texas. The amount of capital made available by institutional investors is USD 400 million.

The German Parliament (*Bundestag*) and the Federal Council (*Bundesrat*) passed a law regarding measures to support life insurers to meet guaranteed returns to clients in response to low interest rates. The proposal will introduce, *inter alia*, a requirement under certain circumstances for insurance companies to forgo dividend payments to help comply with the terms of life-insurance policies. Furthermore, life insurers currently have to pay out half of their valuation reserves to customers whose policies are expiring or who terminate their policy. This has become a problem as high-yielding bonds trade at high market values, representing substantial revaluation reserves, while lower yielding new bonds trade at much lower levels. Insurers would have to sell their high-yield bonds before they mature to realise the higher market value which is not in their interest and not in the interest of policy holders whose contracts run longer. The new legislation, once published, will stop the legal necessity to benefit the customers with maturing policies with half of the proportional valuation reserves in respect to fixed-income bonds, while the participation in valuation reserves for share investments will remain unchanged.

Strategic Outlook

In view of the current uncertainty on the capital markets, the Issuer still believes the current sovereign debt and financial market crisis and, above all, the ongoing low interest rate situation to be one of the main challenges in the short term.

Based on steady exchange rates, the Talanx Group is aiming for gross written premium growth in 2014 of 2% to 3%, with most of this growth generated outside Germany. The IFRS net return on

investment is aimed to be at least 3.4% in 2014, with by far the largest contribution expected to come from ordinary income. The Group is also aiming for a Group net income of at least EUR 700 million for 2014, although the beneficial effect resulting from the partial sale of shares in Swiss Life in 2013 will no longer be felt, and the Group is also substantially increasing its calculated budget for major losses over 2013. The aforementioned target is further based on the assumption that operating performance in 2014 may significantly be improved, that any major losses will be within the expected range and that there will be no disruptions to currency and capital markets. The Group aims the return on equity in 2014 to be around 10%, thereby meeting its strategic target of 750 basis points in excess of the average risk-free interest rate.

In the Industrial Lines segment the Group aims to further extend its global presence by achieving above-average growth outside Germany. Restructuring of the Retail Germany segment is aimed to be completed by 2015. One of the Group's priorities here is to adjust to the changed life insurance environment. In the Retail International segment the Group is looking to successfully complete the integration of the companies it acquired. In the Non-Life Reinsurance segment the Group aims to continue generating profitable selective growth, and in the Life and Health Reinsurance segment it wishes to further extend its global market position.

Significant Changes

There has been no significant change in the financial or trading position of the Issuer since 31 March 2014.

Trend Information

There has been no material adverse change in the prospects of the Issuer since 31 December 2013.

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. Capital losses might not be recognised by the German tax authorities if the Notes are sold at a market price, which is lower than the transaction costs.

Individual investors are entitled to a saver's lump sum tax allowance (*Sparer-Pauschbetrag*) for investment income of € 801 per year (€ 1,602 for jointly assessed investors). 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 by way of withholding which in the case of interest received after 31 December 2014, is provided for as a standard procedure unless the individual investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

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 a 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 by way of withholding which in the case of proceeds received after 31 December 2014, is provided for as a standard procedure unless the individual investor has filed a blocking notice with the German Federal Central Tax Office.

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 by way of withholding which in the case of interest received after 31 December 2014, is provided for as a standard procedure unless the individual investor has filed a blocking notice with the German Federal Central Tax Office.

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, unless (i) the Notes are 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 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) to (iii) 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.

EU Savings Tax Directive

On 3 June 2003 the European Union Council adopted the Directive 2003/48/EC (amended by Directive 2014/48/EC as of 24 March 2014) 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 and certain other recipients. 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). The Luxembourg government has announced its intention and undertaken first steps to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015. In addition, also Austria has undertaken to implement an automatic exchange of information in the future (with no concrete date of implementation given at the moment). 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 24 March 2014 the Council of the European Union has adopted Directive 2014/48/EU which will, when implemented, amend and broaden the scope of the requirements described above. Directive 2014/48/EU will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. Directive 2014/48/EU requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

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

The proposed financial transactions tax

The European Commission had published a proposal for a Directive for a common financial transaction tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed financial transaction tax has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. The issuance and subscription of financial instruments should, however, be exempt.

Under current proposals the financial transaction could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

According to a recent press announcement of the EU Council, ten participating Member States, including Germany, intend to introduce an amended financial transaction tax as of 1 January 2016. Compared to the original proposal, the new proposal for a financial transaction tax has a limited scope only with respect to the financial instruments concerned and shall only apply to shares and certain derivatives.

However, many details remain unclear and the currently proposed financial transaction tax might also be altered again prior to any implementation. The financial transaction tax proposal remains subject to negotiation between the participating Member States and was (and most likely will be) the subject of legal challenge. Additional EU Member States may decide to participate. Prospective Noteholders are advised to seek their own professional advice in relation to the financial transaction tax.

SUBSCRIPTION AND SALE OF THE NOTES

General

Pursuant to a subscription agreement dated 21 July 2014 (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 23 July 2014. 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 have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager has represented that it has not offered or sold, and agreed that it will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, each Manager has represented, warranted and agreed that, except to the extent permitted under U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D) (the "**D Rules**"):

- (a) it has not offered or sold Notes, and during the restricted period shall not offer or sell Notes, directly or indirectly to a United States person or to a person who is within the United States

or its possessions, and it has not delivered and shall not deliver within the United States or its possessions Notes that are sold during the restricted period;

- (b) it has and throughout the restricted period it shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a United States person or to a person who is within the United States or its possessions, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes for purposes of resale in connection with their original issuance and not for the purpose of resale directly or indirectly to a United States person or a person within the United States or its possessions and it shall acquire or retain Notes for its own account only in accordance with the requirements of U.S. Treasury Regulations section 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires Notes from it for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations contained in clauses (a), (b) and (c) of this paragraph on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in Clauses (a), (b) and (c) of this paragraph; and
- (e) it shall obtain for the benefit of the Issuer the representations and agreements contained in clauses (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in U.S. Treasury Regulations section § 1.163-5(c)(2)(i)(D)(4), for the offer or sale of Notes during the restricted period.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury Regulations thereunder, including the D Rules.

United Kingdom of Great Britain and Northern Ireland

Each Manager has represented, warranted and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the 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 26 June 2014 and by a resolution of the Supervisory Board (*Aufsichtsrat*) on 8 July 2014.
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*" 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, Germany.

The Notes have the following securities codes:

ISIN: DE000TLX2102

Common Code: 109022128

German Securities Code (*WKN*): TLX210

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" below.

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, as amended (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 2013 (the "**2013 Fiscal Year**") and (ii) the Annual Report of the Issuer for the fiscal year ended 31 December 2012 (the "**2012 Fiscal Year**"), (iii) the Annual Report of the Talanx Group for the 2013 Fiscal Year, (iv) the Annual Report of the Talanx Group for the 2012 Fiscal Year and (v) the unaudited Interim Report for the three-month period ended 31 March 2014 ("**Q1/2014**").³

- (1) Extracted from: Talanx Aktiengesellschaft – Annual Report 2013
 - Balance sheet as at 31 December 2013..... pages 12-13
 - Statement of income page 14
 - Notes pages 15-40
 - Auditor's report page 41
- (2) Extracted from: Talanx Aktiengesellschaft – Annual Report 2012
 - Balance sheet as at 31 December 2012..... pages 74-75
 - Statement of income page 76
 - Notes pages 77-105
 - Auditor's report page 106
- (3) Extracted from: Talanx Group – Group Annual Report 2013
 - Consolidated balance sheet as at 31 December 2013 pages 142-143
 - Consolidated statement of income page 144
 - Consolidated statement of comprehensive income..... page 145
 - Consolidated statement of changes in shareholders' equity page 146-147
 - Consolidated cash flow statement..... page 148
 - Notes pages 149-288
 - Auditor's report⁴ page 289

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 2012
- Consolidated balance sheet as at 31 December 2012 pages 132-133
 - Consolidated statement of income page 134
 - Consolidated statement of comprehensive income..... page 135
 - Consolidated statement of changes in shareholders' equity page 136
 - Consolidated cash flow statement..... page 137
 - Notes on the consolidated cash flow statement..... page 138
 - Notes pages 139-314
 - Auditor's report⁵ page 315
- (5) Extracted from: Talanx Group – Unaudited Interim Report Q1/2014
- Consolidated balance sheet as at 31 March 2014
(unaudited)..... pages 30-31
 - Consolidated statement of income (unaudited)..... page 32
 - Consolidated statement of comprehensive income
(unaudited).....page 33
 - Consolidated statement of changes in shareholders' equity
(unaudited)..... page 34-35
 - Consolidated cash flow statement
(unaudited)..... page 36
 - Notes..... pages 37-82

Any information incorporated by reference that is not included in the table above is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004 as amended. 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).

Issuer

Talanx Aktiengesellschaft
Riethorst 2
30659 Hannover
Federal Republic of Germany

Principal Paying Agent

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Joint Lead Managers

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

**Citigroup Global Markets
Limited**
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

NATIXIS

30, Avenue Pierre Mendes France
75013 Paris
France

Auditors

KPMG AG Wirtschaftsprüfungsgesellschaft
Osterstrasse 40
30159 Hannover
Federal Republic of Germany

Legal Advisers

To the Issuer

Hengeler Mueller
Partnerschaft von Rechtsanwälten mbB
Bockenheimer Landstraße 24
60323 Frankfurt am Main
Federal Republic of Germany

To the Managers

Linklaters LLP
Mainzer Landstrasse 16
60325 Frankfurt am Main
Federal Republic of Germany