

THE HANNOVER RE SHARE

2008: The worst stock market year in recent decades

The international financial market crisis dictated events on the world's stock markets in 2008. At the very outset of the year massive write-downs taken in the portfolios of international financial institutions brought about a steep collapse on equity markets. News of the urgent need for capital at some US bond guarantors and German regional banks as well as the forced sale of the fifth-largest investment bank in the United States prompted further price declines in the first quarter of 2008.

In the wake of the reporting season on the fourth quarter of 2007 equity markets steadied thanks to positive signals until the end of May 2008, before growing fears of recession and reports about the funding needs of various financial institutions triggered a fresh downward slide. In mid-September news of the fire sale of another US investment bank, the looming collapse of the world's largest insurer and above all the insolvency of the fourth-largest US investment bank unleashed outright panic on the markets: despite moves by central banks to slash interest rates, the Dax and Dow Jones had shed 20% by the end of October, while the Nikkei 225 Index lost as much as 30%.

It was not until the start of November that extensive government guarantees, rescue packages and support measures by the US government, the German government and other nations succeeded in preventing a collapse of the global financial system. Disappointing quarterly figures posted by many companies, news of a contraction in gross domestic product in the United States, Germany and other countries as well as reports of rapidly shrinking order books nevertheless fanned fresh recession concerns. Finally, in December, a fraud scandal that erupted around an asset manager on a scale of some USD 50 billion rocked the international world of finance.

While the Dow Jones ended 2008 down by altogether 34%, the Dax closed the year under review some 40% lower at 4,810 points. The MDax gave back as much as 43% of its value to stand at 5,602 points at year-end.

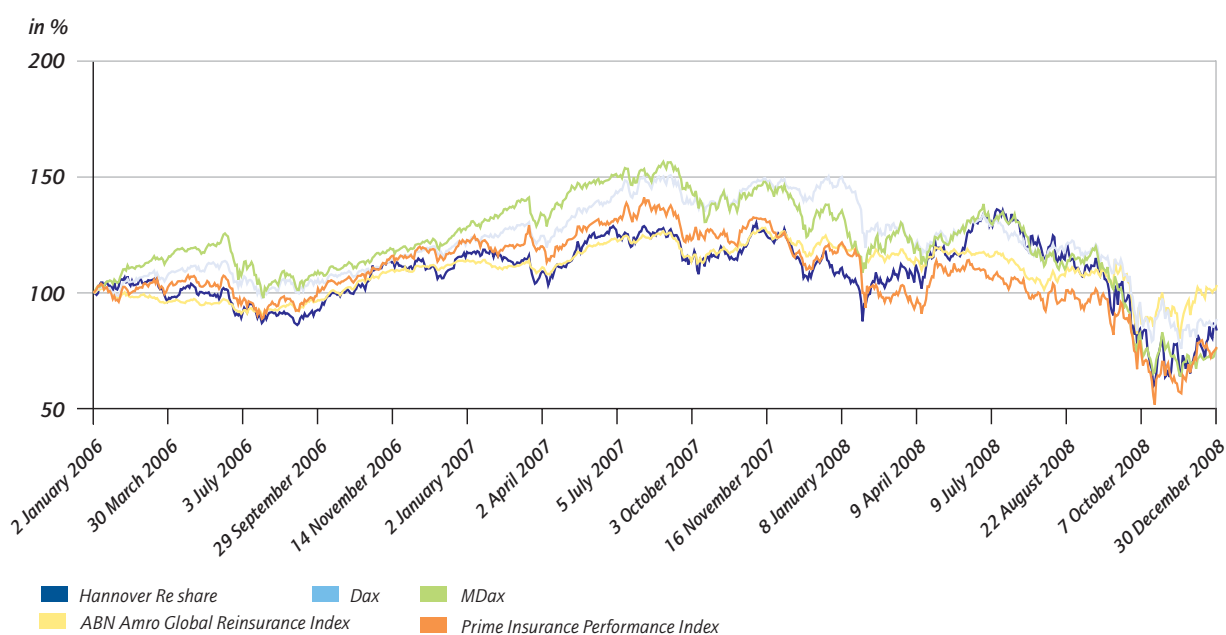
An extremely volatile year for the Hannover Re share

The movement of the Hannover Re share in the year under review was to a large extent similarly shaped by the crisis on financial markets. After the sharp fall in January, however, our business figures for the record year of 2007 initially prompted an upward climb and a clear decoupling from the general market trend. Our share reached its highest point of the year on 5 May 2008 at EUR 35.79. In early June, however, a downward trend set in against the backdrop of the aforementioned crisis news and gathered impetus from mid-September onwards. Shortly after the release of our profit warning – motivated primarily by write-downs on equity investments – our share touched its lowest point of the year of EUR 15.70 on 28 October 2008. A rally followed, boosted by positive expectations for the upcoming treaty renewals. Our share was listed at EUR 22.50 on 30 Decem-

ber 2008 and hence suffered a loss of EUR 9.05 or 28.7% in the year under review. After allowance for reinvestment of the dividend paid in an amount of EUR 2.30 the overall performance was -23.5% – and hence not as poor as that recorded by the Dax and MDax.

In a three-year comparison (see chart) the Hannover Re share including reinvested dividends delivered a performance of -15.9%. It thus surpassed the MDax and Prime Insurance Performance Index, but fell just short of the Dax. In 2008 we did not achieve our strategic objective of outperforming the weighted ABN Amro Global Re-insurance Index in a three-year comparison.

Performance of the Hannover Re share in comparison with standard indices and the ABN Amro Global Reinsurance Index*



* Incl. reinvested dividend

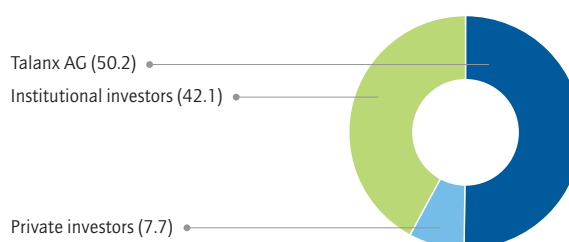
The market capitalisation of the Hannover Re Group totalled EUR 2,713 million as at year-end. With a free float market capitalisation of EUR 1,253 million our company ranked eighth in the MDax at the end of December, while our share came in at number 13 according to the criterion "Trading volume over the past 12 months" with a traded volume of EUR 4,962 million for the year. According to both criteria, therefore, the Hannover Re Group ranks among the 50 largest listed companies in Germany.

With a book value per share of EUR 23.47 the Hannover Re share recorded a price-to-book (P/B) ratio of 0.96 as at the end of December, compared with a higher MDax average of 1.01.

Our Investor Relations activities

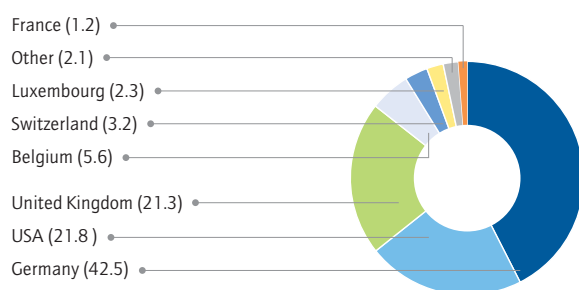
In 2008 regular participation in investor conferences and roadshows – at which we have the opportunity to meet analysts and investors – as well as the holding of numerous telephone conferences once again formed the core areas of our Investor Relations work. Yet we are not the only ones to travel in our efforts to meet our investors and analysts; we also enjoy hosting them for personal discussions at Hannover Re's offices.

Shareholding structure (in %)



In the year under review, in view of the positive experience in past years, we again held our analysts' conferences marking the unveiling of the annual financial statements on the same day in Frankfurt and London. In this way we were able to brief the capital market on the outcome of the year just-ended as promptly as possible on a face-to-face basis.

Shareholding structure by countries (as % of free float)



Our annual Investors' Day is another highlight of our Investor Relations activities. In 2008 we held this event in London and were again pleased to welcome numerous financial analysts and investors. We use this gathering as an opportunity to provide our guests with first-hand insights from the Executive Board. Topics covered in the year under review included risk management as it

relates to our non-life reinsurance business as well as explanations of our securitisation transactions, although a presentation on the growth potential inherent in life and health reinsurance was by no means neglected.

Analysts' opinions of the Hannover Re share

Opinion	Number	Q1	Q2	Q3	Q4
Buy	41	11	11	11	8
Overweight	1	–	–	1	–
Hold	67	16	15	16	20
Underweight	13	3	5	3	2
Sell	18	3	4	4	7
Total	140	33	35	35	37

Interest in our company among analysts remained lively in the year under review. According to Bloomberg and Reuters, analysts handed down altogether 140 opinions for Hannover Re in 2008. Despite the turmoil on stock markets they recommended the Hannover Re share as "buy" or "overweight" on forty-two occasions. The vast majority of opinions (67) were a "hold". Recommendations to "underweight" or "sell" were issued thirty-one times. At the outset of the new 2009 financial year the price target for our share – averaged across all analysts – was around EUR 23.

Share information

in EUR	2008	2007	2006	2005	2004
Earnings per share (diluted)	(1.05)	5.98	4.27	0.41	2.32
Dividend per share	–	1.80+0.50 ¹⁾	1.60	–	1.00

¹⁾ Bonus

International Securities Identification Number (ISIN):	DE 000 840 221 5
Ticker symbols:	Share: Investdata: HNR1 Bloomberg: HNR1.GY Reuters: HNRGn.DE HNRGn.F ADR: HVRRY
Exchange listings:	Germany Listed on all German stock exchanges and Xetra; Frankfurt and Hannover in official trading USA American Depositary Receipts (Level 1 ADR program), OTC (over-the-counter market)
Share class:	No-par-value registered shares
First listed:	30 November 1994
Shareholding structure:	50.2% Talanx AG 49.8% Free float
Common shares as at 31 December 2008:	EUR 120,597,134.00
Number of shares as at 31 December 2008:	120,597,134 no-par-value registered shares
Market capitalisation as at 31 December 2008:	EUR 2,713.4 million
Highest share price on 5 May 2008:	EUR 35.79
Lowest share price on 28 October 2008:	EUR 15.70
Annual General Meeting:	5 May 2009, 10.30 a.m. Hannover Congress Centrum Kuppelsaal Theodor-Heuss-Platz 1-3 30175 Hannover, Germany