IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-US PERSONS AND ADDRESSEES OUTSIDE OF THE US

IMPORTANT: You must read the following before continuing. The following disclaimer applies to the attached Prospectus accessed via internet or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND, SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to review this Prospectus or make an investment decision with respect to the securities described herein, investors must not be a US Person (as defined in Regulation S under the Securities Act). You have been sent the attached Prospectus on the basis that you have confirmed to UBS Investment Bank, being the sender of the attached, (i) that you and any customers that you represent are not US Persons, (ii) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) that you consent to delivery by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. Also, there are restrictions on the distribution of the attached Prospectus and/or the offer or sale of Notes in the member states of the European Economic Area. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of UBS Investment Bank, the Syndicate Banks or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from UBS Investment Bank, if lawful.

helvetia

Helvetia Schweizerische Versicherungsgesellschaft AG
St. Gallen, Switzerland

CHF 225,000,000 fixed to fixed rate guaranteed dated subordinated bonds due 2044(the "Bonds")
– with reopening clause –

Unconditionally and irrevocably guaranteed on a subordinated basis by Helvetia Holding AG St. Gallen, Switzerland

Issuer's Name and registered office:	Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland ("**Helvetia SV**")
Guarantor's Name and registered office:	Helvetia Holding AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland
Interest Rate:	The Bonds bear interest on their Principal Amount payable annually in arrear on 17 October in each year (an "**Interest Payment Date**") (i) at a fixed rate of 4.00 per cent. per annum (the "**Fixed Interest Rate**") from (but excluding) the Payment Date up to (and including) the First Call Date; (ii) reset on the First Call Date, and every 5 years thereafter at the sum of the Prevailing Relevant Midswap Rate and the Initial Margin (the "**Reset Interest Rate**").
Deferral of Interest:	Interest on the Bonds are (i) deferrable at the option of the Issuer at all times, (ii) mandatorily deferrable upon the occurrence of Solvency Event, or if payment of interest will cause a Solvency Event to occur. For definition of Solvency Event see condition 2.4 of the Terms of the Bonds. Payment of Interest will be mandatory on a Compulsory Interest Payment Date. For definition of Compulsory Interest Payment Date see condition 2.4 of the Terms of the Bonds.
Accumulation:	Cash cumulative interest paid at the earlier of (i) payment or redemption of a junior or parity security (ii) payment on the Bonds (iii) redemption of the Bonds or (iv) liquidation.
Issue Price:	The Syndicate Banks have purchased the Bonds at 101 % of the nominal amount (before commission).
Placement Price:	The Placement Price of the Bonds will be fixed in accordance with supply and demand.
Form of the Bonds:	The Bonds are issued as uncertificated securities (*Wertrechte*) in accordance with article 973c of the Swiss Code of Obligations and, upon registration in the main register (*Hauptregister*), will constitute intermediated securities (*Bucheffekten*); investors do not have the right to request the delivery of individually certificated Bonds.
Denominations:	CHF 5'000 nominal and multiples thereof.
Payment Date:	17 October 2014
Redemption at Maturity:	Unless previously redeemed or purchased and cancelled the Issuer will redeem the Bonds at their principal amount together with any accrued but unpaid interest up to (but excluding) the Final Maturity Date. **Final Maturity Date** means (i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date; or (ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or FINMA has not given its consent to the redemption of the Bonds, the Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed and FINMA has given its consent to the redemption of the Bonds. **Scheduled Maturity Date** means 17 October 2044
Early Optional Redemption:	On the First Call Date and on any subsequent Interest Payment Date thereafter, the Issuer may, at its option, redeem all, but not some only, of the Bonds at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest. Any early redemption will also be subject to a Solvency Event not occurring or if using such call would cause a Solvency Event to occur with consent from FINMA or a Successor Authority.

	The supervisory authority may waive the suspension of repayment or redemption of the item as long the instrument is exchanged for or converted into an own-fund item of the same or higher quality capital and the Minimum Capital Requirement is complied with.
First Call Date:	17 October 2024
Early Special Redemption:	Early Special Redemption upon the occurrence of a Capital Event or Regulatory Event or for taxation reasons (non tax deductibility of the Bonds) at the Principal Amount together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest (provided that if at any time the inclusion of a redemption option due to a Capital Event or for taxation reasons causes a Regulatory Event, the relevant date for redemption may only fall on or after the fifth anniversary of the Payment Date). For detailed definitions of the Events see Condition 3.4 of the terms of the bonds.
Reopening of the Issue:	The Issuer reserves the right to reopen (the "**Reopening**") and increase the aggregate principal amount of the Bonds issued at any time and without prior consultation of or permission of the Bondholders.
Status:	The Bonds constitute direct, unconditional and subordinated obligations of the Issuer.
Guarantee:	Unconditional and irrevocable guarantee on a subordinated basis pursuant to article 111 of the Swiss Code of Obligations and in accordance with Condition 8.
Governing Law and Jurisdiction:	The Bonds are governed by, and construed in accordance with Swiss law. Place of jurisdiction for the Notes and all related contractual documentation shall be Zurich.
Selling Restrictions:	In particular U.S.A., U.S. persons, European Economic Area and the United Kingdom.
Listing and Trading:	Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange. The Bonds are expected to be (have been) provisionally admitted to trading on the SIX Swiss Exchange on 15 October 2014. The last trading day of the Bonds is expected to be the second business day prior to the Redemption Date.
Rating:	BBB+ by Standard & Poor's
Security Number/ ISIN/Common Code:	25.589.309 / CH0255893098 / 112053522

Structuring Advisor and Bookrunner

UBS Investment Bank

Joint Lead Managers

Credit Suisse

Deutsche Bank AG London Branch,

acting through Deutsche Bank AG Zurich Branch

Senior Co-Managers

Raiffeisen Switzerland Cooperative

Bank Vontobel Ltd

together the “Syndicate Banks”

TABLE OF CONTENTS

IMPORTANT INFORMATION

Helvetia, which is incorporated as a stock corporation (*Aktiengesellschaft, société anonyme*) in Switzerland with registered office at Dufourstrasse 40, 9000 St. Gallen, Switzerland, assumes responsibility for the content of this Prospectus pursuant to section 4 of Scheme E of the Listing Rules. Helvetia confirms that, to the best of its knowledge, the information in this Prospectus is correct and no material facts or circumstances have been omitted.

This Prospectus is being issued by Helvetia solely in connection with the Listing of the Bonds. The information contained in this Prospectus has been provided by Helvetia and by the other sources identified in this Prospectus. No representation or warranty, express or implied, is made by Helvetia or any of their respective affiliates or advisors as to the accuracy or completeness of this information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Helvetia.

This Prospectus has been prepared solely for use in connection with the Listing of the Bonds on the SIX. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or a solicitation of an offer to buy, Bonds. The distribution of this Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves of and observe such restrictions. Helvetia does not accept any responsibility for any violation by any person of any such restrictions. Except as otherwise indicated, this Prospectus speaks as of the date hereof, and any information contained in a document incorporated by reference herein is current only as of the date of such document. The delivery of this Prospectus shall, under no circumstances, imply that there has been no change in the affairs of Helvetia or its subsidiaries or that the information herein is correct as of any date subsequent to the earlier of the date of this Prospectus and any specified date with respect to such information. Helvetia's business, financial condition, results of operations and prospects may have changed since such dates.

RISK FACTORS

Prior to making an investment decision, prospective investors in the Bonds should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information of this Prospectus and, in particular, the risk factors set forth below. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer, the Guarantor and/or Helvetia Group, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Bonds. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds and, as a result, investors could lose some or all of their investment. This section is not intended to be exhaustive and prospective investors should make their own independent evaluation of all risk factors, consult their respective financial and legal advisors and also read the detailed information set out elsewhere in this Prospectus. Other risks and uncertainties unknown to the Issuer and/or to the Guarantor or considered insignificant at this time could equally have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer, the Guarantor and/or Helvetia Group.

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

In addition, references to "Helvetia" or the "Helvetia Group" shall mean references to the Guarantor together with its direct and indirect subsidiaries (including the Issuer).

The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence or their importance.

HELVETIA GROUP

Risks relating to the Issuer, the Guarantor and Helvetia Group

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

Holding Company

Because the Guarantor is a holding company whose primary assets consist of common stock or other equity interests in or amounts due from subsidiaries, all of its income is derived from those subsidiaries. The subsidiaries of the Guarantor will have no obligation to pay any amount or perform in any respect under the Guarantee. The payment of dividends by many of the Guarantor's subsidiaries is subject to various local solvency requirements and other regulatory restrictions. Restrictions on the ability of the Guarantor's subsidiaries to pay dividends or to make other cash payments may materially affect its ability to meet its obligations with respect to the Guarantee.

As an equity holder, the Guarantor's ability to participate in any distribution of assets of any subsidiary is subordinated to the claims of creditors of the subsidiary, except to the extent that any claims the Guarantor may have as a creditor of the subsidiary are judicially recognised. If these sources are not adequate, the Guarantor may be unable to meet its obligations with respect to the Guarantee.

Ratings

The financial strength and credit ratings assigned to Helvetia Group and its operating companies by a major rating agency may be changed, suspended or withdrawn at any time by the rating agency. A ratings downgrade can have adverse effects on the ability to obtain new financing and for the conditions of new and existing business, impair competitiveness and increases the cost of financing and would thus ultimately impact Helvetia Group's financial position, assets and/or net income.

On July 9, 2014 Helvetia announced that Standard & Poor's had affirmed Helvetia's rating on July 8, 2014 at 'A' but had put Helvetia on 'CreditWatch with negative implications' due to the announced takeover of Nationale Suisse. Standard & Poor's expect to resolve the CreditWatch placement within three months; based on the expectation that by then the impact of the planned takeover as well as the ability to raise debt capital as part of the refinancing should be clearer. In addition, by that time the takeover is expected to be largely finalized. On October 7, 2014 Standard & Poor's kept Helvetia's rating on Credit Watch with negative implications pending further clarity on future capital structure consolidated capital and earnings strength. Should Standard & Poor's consider that in their view the financial profile of Helvetia has nevertheless weakened, the expected lowering of the rating is limited to one notch to ‘A-‘. Helvetia’s Standard & Poor’s rating between 2006 and 2013 was ‘A-‘.

Refinancing risks

Helvetia Group may require additional capital or funds in the future, which may not be available or may only be available on unfavourable terms thus negatively affecting its capital position, liquidity, financial results and its ability to carry out certain types of business or business in certain countries. Helvetia Group's future capital requirements depend on many factors, including pending regulatory changes to capital requirements or other regulatory developments and its ability to generate new business successfully.

Risks from insurance contracts

The business conducted by Helvetia Group is founded on the deliberate assumption of risks through the conclusion of insurance and to a limited extent reinsurance contracts. Helvetia Group constantly assesses and monitors these risks and reviews their probability of occurrence. This also includes ongoing monitoring of legal, regulatory, demographic, macroeconomic, environmental and technological risks, including cyber risks, where developments are outside the influence of Helvetia Group. As a general principle, Helvetia Group concludes insurance contracts only if the premiums (and the investment income generated from these premiums) are expected to exceed the calculated risks and it establishes actuarially determined provisions for the occurrence of claims and benefits. If the premiums calculated upon contract closing do not suffice to fund the resulting claims and benefits, if the premium calculations are based on inaccurate assumptions, if Helvetia Group fails to (fully) identify or correctly evaluate adverse developments, if unexpected adverse developments occur, which result in claims and benefits exceeding the value of the calculated risks or if reinsurers with which Helvetia Group has reinsured risks default on payment, this could detrimentally affect the assets, financial position, cash flow and/or net income of Helvetia Group.

Reinsurance risk

Helvetia Group systematically uses reinsurance and protection covers to protect its capital position and its expected net income; in this context it attaches considerable importance to the quality and credit status of its reinsurers. The assets, financial position, cash flow and/or net income of Helvetia Group could be adversely affected if the terms and conditions of reinsurance deteriorate in the future, if certain protection covers – especially catastrophe covers – are no longer available or if individual reinsurers should become unable or unwilling to pay.

Risks from assumed reinsurance

Helvetia Group underwrites a small assumed reinsurance portfolio, which is limited in the context of business strategy pursuing a "follower"' approach and holding usually smaller parts of reinsurance contracts. This policy of small holdings, combined with broad diversification (geographical and by insurance segment), leads to a balanced reinsurance portfolio free of major risk clusters. In addition to controlling risk exposure, cumulative risks from natural hazards are monitored and quantified using actuarial methods, and protected with retrocession cover. Even after considering these precautious aspects losses could be experienced from, among others, catastrophic events or accumulations of claims, emergence of new or unknown risks as well as changes in reinsurance market conditions and may negatively impact Helvetia Group's capital position and result.

Catastrophic events

Both natural catastrophes and man-made disasters, for example windstorms and hailstorms, floods, and earthquake, are partially covered by insurance policies in the non-life and life insurance written by Helvetia Group. Neither catastrophes as such nor the scale of loss and damage caused by such events can be foreseen. Even though Helvetia Group monitors the aggregate risk with respect to catastrophic events in each geographical region, catastrophe-related damage and claims can lead to extraordinarily high losses. Should the scale of catastrophe losses increase in the coming years relative to the multi-year average, this could have a corresponding detrimental effect on the assets, financial position, cash flow and/or net income of Helvetia Group.

Financial markets and general economy

Helvetia Group's results and capitalisation are subject to fluctuations in the financial markets and changes in general economic conditions. Risks can arise inter alia from adverse changes in interest rates, credit spreads, foreign exchange rates, equity prices, real estate prices and other relevant parameters, such as market volatility. Factors such as consumer spending, investments, government spending, the volatility and liquidity of the capital markets, inflation, deflation and others all affect the business and economic environment and, ultimately, the profitability of Helvetia Group. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower levels of investments and consumer spending, the demand for Helvetia Group's products could be adversely affected. In addition, Helvetia Group may experience an elevated incidence of claims and lapses or surrenders of policies. Adverse changes in the economy could affect Helvetia Group's earnings negatively and could have a material adverse effect on its business and its financial condition, including shareholders' equity.

Helvetia Group’s current investment income and realised and unrealised capital gains and losses on financial investments and real estate play a significant role in its results and capitalisation and its ability to meet guarantees and pay bonuses to life insurance policyholders. In the event that current investment income is lower than expected because of events in the financial markets, as well as not achieving its expected net income, Helvetia Group may not be able to meet its obligations to pay guarantees to life insurance policyholders. The results and capitalisation of Helvetia Group may be volatile due to the level of realised and unrealised capital gains and losses arising from financial investments and real estate. If realised and unrealised gains on investments are lower than expected, Helvetia may not be able to credit life insurance policyholders with bonuses that meet customer expectations or are in line with current market practice. In such cases, Helvetia Group may not be able to attract new customers for its life insurance products and existing customers may cancel existing products leading to a greater than expected outflow of assets, which might have to be realised at a loss to meet these payments.

The main, but not sole, factors affecting investment income are interest rates, stock markets and real estate values. Interest rate volatility and persisting low interest rates may adversely affect Helvetia Group's results of operations, business targets and economic capitalization. Changes in prevailing interest rates may adversely affect Helvetia Group's insurance, asset management and other results. Over the past several years, movements in interest rates have affected the level and the timing of recognition of gains and losses on securities held in Helvetia Group's various investment portfolios. An increase in interest rates could substantially decrease the value of Helvetia Group's fixed-income portfolio, impacting its financial position under International Financial Reporting Standards (IFRS) or other accounting measures. A reduction in interest rates, however, could result in a reduction in the its economic capitalisation under models such as Swiss Solvency Test or Solvency II. Helvetia Group maintains reserves for its life insurance business to cover its estimated insurance liabilities. Changes in statutory interest rates (interest rates set by regulators to, inter alia, calculate the value of insurance liabilities and determine minimum guaranteed returns to policyholders) impact the discounted, booked value of insurance liabilities, and hence shareholders' equity and results. While Helvetia believes its economic risk is reduced by efforts to control the durations of assets and liabilities, statutory interest rates may not change in line with market yields and may be subject to regulatory changes. Changes in interest rates may impact Helvetia Group's levels of new product sales or surrenders of business in force, thus negatively impacting its business targets.

Fluctuations in stock markets could have an adverse impact on the valuation of Helvetia Group's holdings in equities, which could result in a deterioration of Helvetia Group's financial position and net income and its ability to pay bonuses to policyholders. Helvetia Group had an equity exposure on a hedged basis of 2.5% of its investment asset portfolio at the end of 2013 and of 2.1% of its investment asset portfolio as of June 30, 2014.

A decline in general valuation of the Swiss real estate market could negatively affect the value of Helvetia Group's real estate portfolio thus negatively affecting its assets, financial position and/or net income. A decline in yields from Helvetia Group's real estate portfolio may likewise negatively affect Helvetia Group's financial position and net income and its ability to pay bonuses to policyholders.

A re-ignition of the Euro zone sovereign debt crisis and concerns over the viability of the European Union may increase uncertainties in the financial markets and in the general economic environment. Helvetia has a significant part of its business and investment exposures in countries that might be affected by a contagion of the sovereign debt crisis, especially in Italy and Spain. Since the beginning of the Euro zone sovereign debt crisis, Helvetia Group has consistently reduced its exposure to the PIIGS (Portugal, Italy, Ireland, Greece and Spain) countries in areas that are not of relevance to its business. Furthermore Helvetia Group continuously monitors the economic developments in the Euro zone in the context of its risk management process. Helvetia Group's exposure to PIIGS countries is such that it maintains a solid solvency capital position, even if Helvetia were to experience a partial default on its PIIGS sovereign debt exposure. Nevertheless a re-ignition of the EURO zone sovereign debt crisis could result in unforeseeable dynamics and outcomes and could therefore have a negative impact on Helvetia Group's capital position, results and cash flows.

Counterparty risks

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

Operational Risks

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events which adversely impact the operations of Helvetia Group (excluding financial risks such as, inter alia, financial market risks and counterparty risks). Because of the broad spectrum of operational risks, the realization of one of these risks could have a negative effect on the assets, financial position and/or net income of Helvetia Group.

Risks due to regulatory or legal changes

Helvetia and its subsidiaries are subject to applicable government regulation in each of the jurisdictions in which business is conducted. The business and solvency position of Helvetia Group and its Swiss subsidiaries are supervised by the Swiss Financial Market Supervisory Authority (**FINMA**). The different foreign insurance subsidiaries of Helvetia Group are supervised by their relevant local regulators.

Insurance laws, regulations and policies currently governing Helvetia and its subsidiaries may change at any time in ways which may adversely affect their business and economic position. The insurance industry is also affected by political, judicial and other legal developments (including, but not limited to, changes in consumer protection laws) which have at times in the past resulted in new areas or expanded scope of liability. Given the scope and nature of these developments, their impacts are inherently difficult to predict.

In the European Union and Switzerland, reforms have been undertaken to modernize and strengthen the capital requirements of insurance companies and insurance groups. These reforms may lead to an increase in regulatory capital requirements. In Switzerland, risk based capital requirements are regulated in accordance with the Swiss Solvency Test (the **SST**) of 2006, which entered into force on January 1, 2011. Swiss Insurers are required to build up sufficient risk bearing capital in order to cover their target capital under the SST. In the European Union, risk based capital requirements have also been introduced pursuant to the Solvency II Directive (**Solvency II**). The Solvency II codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. Solvency II is scheduled to come into effect on January 1, 2016. While Helvetia Group is confident to comply with the new rules by January 1, 2016, Solvency II is still being implemented by the EU member states and the final regulatory rules and supervisory practice are still subject to changes and may affect the related capital models and capital requirements.

The outcome of discussions with regulators with respect to Solvency II cannot yet be determined and thus could require additional regulatory capital of Helvetia and its subsidiaries, changes to the way in which Helvetia and its subsidiaries carry on their business, or might lead to additional expenses or otherwise adversely affect the financial or solvency position.

The SST is still under development and consequently the risk models used by Helvetia Group and its subsidiaries for the SST are not finalised yet and subject to final approval by FINMA. While internal models employed by Swiss Insurance entities of Helvetia Group have been conditionally approved for determining regulatory solvency until December 31, 2015 by FINMA, final approval of internal models may impact risk and valuation models and the quantification of risks as well as the calibration, calculation and interpretation of the model results to a certain extent.

Currently the Swiss insurance supervisory ordinance (**ISO**) is under revision. It is expected that the revised version will enter into force in 2015. While a main goal of the revision is to achieve equivalence with Solvency II, it may directly or indirectly affect SST solvency rules, which could have a negative impact on SST margins of Helvetia Group and its subsidiaries.

Helvetia Group's BVG group life insurance business (the mandatory non-state pension and life insurance scheme for all employees in Switzerland) is subject to guaranteed minimum interest and annuity conversion rates. These rates are set by the Swiss government and the process for setting these rates is both out of the control of the insurance industry and is unpredictable. The guaranteed minimum interest rates set may from time to time diverge from return rates that Helvetia Group is able to achieve on its assets backing such business. Furthermore the general regulation and structure of the BVG Group life insurance business is currently subject to review by the Swiss government.

Adverse development of general and specific regulation relating to BVG Group life business may have adverse effects on Helvetia Group's business and earnings.

The Swiss financial industry (including the insurers) is faced with a remake of its regulatory framework. Three new codes - the Financial Market Infrastructure Act (**FMIA**), the Federal Financial Services Act (**FFSA**) and the Financial Institutions Act (**FINIA**) will replace major portions of the previous regulations. The consultation period for FMIA has been concluded. On June 27, 2014, the Federal Council commenced the consultation period for FFSA and FINIA, which will last through October 17, 2014. Given the scope and nature of these changes, their impacts are inherently difficult to predict.

Legal risks

On the basis of their activities as insurers, the companies belonging to Helvetia Group are involved in legal and arbitration proceedings both as complainant and respondent. Legal disputes exist in the ordinary course of business. The outcome of such proceedings cannot be determined in advance. It is the assumption of Helvetia Group that the currently pending proceedings will not have any significant detrimental effect on the assets, financial position and/or net income of Helvetia Group. Nevertheless, a certain risk exists that this assessment is proved to be inaccurate and therefore could negatively affect Helvetia Group.

Changes in tax laws and practice

Helvetia Group's net income and cash-flows are determined to an extent by current and deferred taxation (IFRS), regulation and rulings. Should these tax regulations and rulings cease to apply, this could have a negative effect on Helvetia Group's assets, financial position and/or net income.

Previously common and established practices and regulation regarding the taxation of companies and individuals are currently under scrutiny and change. The recent financial crisis has incentivised states to seek new sources of revenue and to challenge and change previously established practices regarding where entities and individuals are taxed, how profits and revenues are taxed (tax base) and what is regarded as tax evasion, leading to new and proposed regulation and practices and interpretations by different tax authorities and international organisations like the organisation for economic co-operation and development (OECD). The US Foreign Account Tax Compliance Act (FATCA), as an example, has imposed significant new burdens on financial institutions regarding the documentation, reporting and potentially withholding of payments to US persons. On the level of the OECD important changes like the automatic exchange of financial account information and the project base erosion and profit shifting (**BEPS**) are currently elaborated in detail. The impact of such legislation and changes in practice, which have led to increased costs and the threat of potential fines for non-compliance, are inherently difficult to predict and may lead to significant, unpredictable costs and additional tax burdens for financial institutions such as Helvetia Group.

Acquisition of Schweizerische National-Versicherungs-Gesellschaft AG

On July 7, 2014, Helvetia pre-announced a public tender offer to acquire all of the publicly held shares of Schweizerische National-Versicherungs-Gesellschaft AG (**Nationale Suisse**). Helvetia offered CHF 52 in cash and 0.0680 new Helvetia shares per tendered Nationale Suisse Share (the **Offer**).

On August 8, 2014, Helvetia published the offer prospectus including further information in relation to the Offer.

On September 22, 2014, Helvetia declared the Offer as successful after holding 81.22% of Nationale Suisse Shares (including National Suisse shares held by Helvetia Group and persons acting in concert). The additional acceptance period expired on October 9, 2014. At the end of the additional acceptance period, the shareholding of Helvetia and the persons acting in concert with Helvetia amounted in the aggregate to 21,232,259 Nationale Suisse Shares corresponding to 96.29% of the voting rights and the share capital of Nationale Suisse. The settlement of the Offer is expected to take place on October 20, 2014.

Nationale Suisse is the 10th largest Swiss insurer, with a presence in four European markets, Asia and Latin America. Its portfolio is biased towards non-life insurance business (59% non-life and 24% specialty lines) with a client base consisting of private and corporate clients serviced through agents, owned networks and direct channels.

Integration risks

The acquisition of Nationale Suisse generates integration risks, such as the potential loss of key personnel, major customers and distributors and the failure to meet the net cost savings expected by Helvetia. However, Helvetia plans to leverage its extensive and successful experience in integrating acquired businesses to ensure a smooth and rapid integration of Nationale Suisse.

The senior management of the enlarged Helvetia Group will include representatives from both companies in order to be able to ensure the successful development of the enlarged Helvetia Group in the best possible way. The key positions in the management teams of the Swiss, European and Specialty Lines divisions, as well as the group functions, will be held by executives from both companies.

Refinancing risks related to the transaction

The financing of the transaction has been secured by a credit facility of CHF 930m. Helvetia Group intends to progressively repay this credit facility through the issuance of hybrid bonds (including this current issuance) and senior bonds over the next months. Should Helvetia fail to raise the required amount, Helvetia Group might need to extend the credit facility or seek other refinancing instruments.

Closing of the Offer

The Offer is subject to obtaining required regulatory approvals and to the satisfaction of other customary closing conditions in such type of transaction. Closing and settlement of the Offer are expected to occur in the second half of October 2014. At the time of the issuance of the Bonds there is no final certainty that the Offer will close in time or that a closing will happen at all.

THE BONDS

The key risks relating to the Bonds include the following:

Complexity of the Bonds as financial instrument

The Bonds are complex financial instruments and may not be suitable for all investors. Each potential investor should (1) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor's particular financial situation, an investment in the Bonds and the impact the Bonds will have on the investor's overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds and (4) 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 the investor's investment and the investor's ability to bear the applicable risks.

Before investing in the Bonds, each potential investor should have understood thoroughly the Terms of the Bonds and be familiar with them and the content of this Prospectus.

The Bonds and the Guarantee are subordinated obligations and will be subordinated to all the present and future unsubordinated indebtedness of the Issuer and/or Guarantor, respectively

The Bonds and the Guarantee are by their terms subordinated in right of payment to all current and future unsubordinated indebtedness of the Issuer and the Guarantor, respectively, and are subordinated against creditors, whose claims are, or are expressed to be, subordinated to the claims of policyholders and other unsubordinated creditors of the Issuer and the Guarantor, respectively, but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Bondholders.

If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or the Guarantor or if the Issuer or the Guarantor is liquidated for any other reason, the rights of payment of the Bondholders shall rank in priority only to any payments to holders of shares of the Issuer or the Guarantor or any other securities issued by the Issuer or the Guarantor expressed to rank junior to the claims of the Bondholders. In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer and the Guarantor, respectively, in connection with the Bonds will be terminated. Although the Bonds may pay a higher rate of interest than comparable Bonds which are not subordinated, there is a greater potential risk that an investor in the Bonds will lose all or some of its investment should the Issuer or the Guarantor become insolvent.

No events of default and limited acceleration rights

Bondholders have limited acceleration rights (as described in Condition 7 of the Terms of the Bonds) in respect of the

Bonds and events of default are limited to bankruptcy, dissolution and/or liquidation of the Issuer. Rights of the Bondholders in bankruptcy proceedings (*Konkursverfahren*) or any form of composition with creditors (*Nachlassverfahren*) in relation to the Issuer are limited.

The Issuer may redeem the Bonds under certain circumstances

Subject to the prior approval from FINMA or any Successor Authority, the Bonds may be redeemed at the option of the Issuer (a) in whole (but not in part) on the First Call Date and on any subsequent Interest Payment Date thereafter; (b) in whole (but not in part) on any Interest Payment Date falling prior to the First Call Date if the interest payments are no longer tax-deductible; (c) in whole (but not in part) if, pursuant to a confirmation of a recognized Rating Agency, the Bonds no longer be eligible for the same, or higher amount of, "equity credit" attributed to the Bonds at the Payment Date; (d) in whole (but not in part) following the occurrence of a Regulatory Event; (e) in whole (but not in part) at any time after the Payment Date and prior to the First Call Date for clean-up reasons. See Condition 3 of the Terms of the Bonds (Redemption).

Such redemption options will be exercised at the principal amount of the Bonds together with interest accrued to the date of redemption.

During any period when the Issuer may elect to redeem the Bonds, the market value of the relevant Bonds generally will not rise substantially above the price at which they can be redeemed.

The Issuer may also be expected to exercise its call option to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. There can be no assurance that, at the relevant time, Bondholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Bonds. Potential investors should consider reinvestment risk in light of other investments available at that time.

Following an early redemption of the Bonds, there can be no assurance that, at the relevant time, Bondholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Bonds. Prospective investors should consider reinvestment risk in light of other investments available at that time.

In certain circumstances, the Issuer may elect to defer any interest on the Bonds

For so long as the compulsory interest provisions in Condition 2.3 of the Terms of the Bonds do not apply, the Issuer may elect not to pay any interest or elect not to pay the full interest amount otherwise scheduled for payment on any Optional Interest Payment Date as defined in the Terms of the Bonds. On any Optional Interest Payment Date, the Issuer may, at its option, pay all or part of the interest in respect of the Bonds accrued to that date during the Interest Period ending on (and including) such Optional Interest Payment Date, but subject to such election and decision having been made, the Issuer will have no obligation to make such payment and any such failure to pay will not constitute a default by the Issuer under the Bonds or for any other purpose. Any interest not paid on an Optional Interest Payment Date will constitute Deferred Interest as established in Condition 2.2(c) of the Terms of the Bonds. Deferred Interest Payments do not bear interest and will be payable in whole or in part at any time at the discretion of the Issuer, but become due in full without limitation on (i) any Optional Interest Payment Date on which the Issuer makes any Interest Payment, (ii) the next Interest Payment Date following the occurrence of a Compulsory Interest Payment Event (subject to the approval of FINMA or any Successor Authority if the interest is deferred due to the occurrence of a Solvency Event (as defined below)), (iii) the date set for any redemption of the Bonds, (iv) the date on which a decision for winding up, dissolution or liquidation of the Issuer is passed by a competent authority, or (v) the date on which the Issuer is dissolved pursuant to a merger or the like with another entity and the resulting or surviving entity fails to assume all the obligations of the Issuer in respect of the Bonds.

Interest payment deferral may have a material adverse effect on the market price of the Bonds.

In certain circumstances, the Issuer is required to defer any interest on the Bonds

For so long as the compulsory interest provisions in Condition 2.3 of the Terms of the Bonds do not apply, the Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall, meaning that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing, otherwise due and payable on an Interest Payment Date in respect of the interest period ending on such date, provided in each case that a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment. A Solvency Event shall be deemed to have occurred if (i) the Issuer or the Guarantor does not have at such date appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital and a referral or a cancelation of interest is required under the Applicable Regulation (as defined in Condition 2.4 of the Terms of the Bonds), (ii) the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6 of the Terms of the Bonds) as they fall due; (iii) the Issuer's Assets do not exceed its respective Liabilities (each as defined in Condition 2.4 of the Terms of the Bonds), other than liabilities to persons who are not Senior Creditors; or (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Bonds.

The Issuer shall not be required to defer such Interest Payment or, as the case may be, Solvency Shortfall if FINMA or any Successor Authority has given its consent to such payment. The deferral of any Interest Payment, Solvency Shortfall or any part thereof in accordance with this Condition 2.2(b) shall not constitute a default by the Issuer under the Bonds or for any other purpose and shall not give Bondholders or the Principal Paying Agent any right to accelerate the Bonds or make a demand under the Subordinated Guarantee.

The Issuer is not prohibited from issuing further debt which may rank pari passu with or senior to the Bonds

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Bonds or on the amount of securities that it may issue that rank *pari passu* with the Bonds. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Bondholders could suffer direct and materially adverse consequences, including suspension of interest and, if the issuer were liquidated (whether voluntarily or involuntarily), the loss of all or part interest and principal to the extent not covered by the Guarantee issued by the Guarantor.

Bondholders have no remedies against asset disposals and dividend payments by the Issuer

The Terms of the Bonds do not prohibit the Issuer to dispose of any of its assets nor do the Terms of the Bonds provide for any restrictions in the payment by the Issuer of dividends in cash or any other manner. The sole consequence of a payment of dividends by the Issuer is that any interest payment in respect of the Bonds scheduled during the six months period following such dividend payment, together with Deferred Interest Payments, if any, become compulsory under the Terms of the Bonds.

No voting rights

The Bonds do not carry voting rights at shareholders meetings. Consequently, the Bondholders cannot influence, inter alia, any decisions by the Issuer to defer any Interest Payments or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

The Bonds are a new issue of securities, and there is no assurance that a trading market will develop or that it will be liquid

The Bonds are a new issue of securities and have no established trading market and, notwithstanding the fact that the Bonds are listed on SIX, one may never develop. Even if an active trading market does develop, no one, including the Joint Lead Managers, is required to maintain its liquidity. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the Issuer's financial condition and prospects and other factors that generally influence the market prices of securities. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at all.

Value of the Bonds

The market value of the Bonds will be affected by the creditworthiness of the Issuer, and/or that of Helvetia Group and a number of additional factors including market interest and yield rates. The price at which a Bondholder will be able to sell the Bonds may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Risks relating to the ratings on the Bonds

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization.

Standard & Poor's produces a solicited rating for Helvetia on a regular basis. On July 9, 2014 Standard & Poor's has confirmed Helvetia Schweizerische Versicherungsgesellschaft AG's financial strength and counterparty credit rating of 'A' but has placed it on CreditWatch with negative implications following the announcement of the intended takeover of Nationale Suisse.

At issuance, the Bonds have been assigned a rating of 'BBB+' by Standard and Poor's.

In addition, other rating agencies may assign credit ratings to the Issuer, its subsidiaries or to the Bonds with or without any solicitation from the Issuer and without any provision of information from the Issuer.

A downgrade or potential downgrade in these ratings, the assignment of a new rating that is lower than existing ratings, or a downgrade or potential downgrade in the ratings, or the withdrawal of any rating assigned to the Issuer could adversely affect the price and liquidity of the Bonds. The rating may not reflect the potential impact of all risks related to structure, market, or any other additional factors that may affect the value of the Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are lawful investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds.

Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

No legal and tax advice, change in law

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Bonds. A Bondholder's effective yield on the Bonds may be diminished by the tax impact on that Bondholder of its investment in the Bonds.

A Bondholder's actual yield on the Bonds may be reduced from the stated yield by transaction costs.

The conditions of the Bonds are based on Swiss law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Swiss laws or administrative practice after the date of this Prospectus.

Modification, waivers and substitution

The Swiss Code of Obligations contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

GENERAL INFORMATION

Forward-Looking Statements

This Prospectus contains statements that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "predicts", "continues" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events. They appear in a number of places throughout this Prospectus and include statements regarding Helvetia's intentions, beliefs or current expectations concerning, among other things, Helvetia's results of operations, financial condition, liquidity, prospects, growth, strategies, dividend policy and also the industries and the economic environments in which Helvetia operates.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place reliance on these forward-looking statements.

Forward-looking statements are made as of the date of this Prospectus and Helvetia does not intend, and does not assume any obligation, to update any of the forward-looking statements contained in this Prospectus, except as required by mandatory Swiss law or applicable stock exchange regulations.

Many factors may cause Helvetia's results of operations, financial condition, liquidity, dividend policy and the development of the industries or economic environments in which Helvetia Group competes to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus. These include (but are not limited to):

- changes in general economic conditions, in particular in the markets in which Helvetia Group operates;
- the performance of financial markets;
- changes in interest rates;
- changes in currency exchange rates;
- changes in laws and regulations, including accounting policies or practices;
- risks associated with implementing Helvetia's business strategies;
- the frequency, magnitude and general development of insured events;
- mortality and morbidity rates;
- policy renewal and lapse rates;
- the realisation of economies of scale as well as synergies; and
- other risks, uncertainties and factors inherent in Helvetia's business and factors that are not known to Helvetia at this time.

These risks and others described under "Risk Factors" are not exhaustive. Other sections of this Prospectus describe additional factors that may adversely affect Helvetia Group's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which Helvetia Group operates. Helvetia urges you to read the sections of this Prospectus entitled "Risk Factors" and "Business Activities" for a more complete discussion of the factors that could affect the group's future performance and the industry in which Helvetia Group operates. New risks may emerge from time to time, and it is not possible for Helvetia to predict all such risks, nor can the group assess the impact of all such risks on the business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual performance or results.

Presentation of Financial and other Information

This Prospectus contains by way of reference:

(i) the unaudited consolidated and individual financial statements of Helvetia Group for the first half-year 2014 and the audited consolidated financial statements for the years 2013, 2012 of Helvetia Group, prepared in accordance with IFRS. These financial statements have been audited by KPMG AG, Zurich, the independent auditors of Helvetia. The reports of KPMG AG are referenced on pages 74 to 76 of this Prospectus; and

Certain data contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the arithmetic total figure given for that column or row.

Except as provided herein, and subject to the completion of the Offer, the asset, financial and income situation of Helvetia as well as its business prospects, have not undergone any substantial changes since that half-year report 2014 as of June 30, 2014.

Notices to Investors

United States of America and United States Persons

A) The Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the **Securities Act**) and may not be offered or sold within the United States of America (the **United States**) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Syndicate Banks have not offered or sold, and will not offer or sell, any Bonds and Guarantee constituting part of their allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act.

Accordingly, none of the Issuer, the Syndicate Banks and their affiliates nor any persons acting on their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Bonds and the Guarantee.

Terms used in this paragraph have the meanings given to them by Regulation S.

B) The Syndicate Banks have not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Bonds and the Guarantee, except with their affiliates or with the prior written consent of the Issuer.

C) In addition,

(1) except to the extent permitted under U.S. Treasury Regulations paragraph 1.163-5 (c) (2) (i) (D) (the **D Rules**),

(a) each of the Syndicate Banks has not offered or sold, and during a 40-day restricted period (the “Restricted Period”) will not offer or sell, Bonds to a person who is within the United States or its possessions or to a United States person, and each of the Syndicate Banks will use reasonable efforts to sell the Bonds within Switzerland; and

(b) each of the Syndicate Banks has not delivered and will not deliver within the United States or its possessions individually certificated Bonds that are sold during the Restricted Period;

(2) each of the Syndicate Banks represents and agrees that it has and throughout the Restricted Period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bonds are aware that such Bonds may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules; and

(3) with respect to each affiliate of any of the Syndicate Banks that acquires Bonds from them for the purpose of offering or selling such Bonds during the Restricted Period, each of the Syndicate Banks repeats and confirms the representations and agreements contained in articles (1) and (2) on its behalf.

Terms used in this paragraph C) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Syndicate Bank has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus as completed by the relevant Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Syndicate Bank nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Bonds referred to in (a) to (c) above shall require the Issuer or any Syndicate Bank to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **offer of Bonds to the public** in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Syndicate Bank has represented and agreed that:

(a) **Financial promotion**: 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 (**FSMA**)) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Miscellaneous

The Bonds are only to be offered or sold by the Syndicate Banks and any offering material or other communication relating to the distribution of the Bonds is only to be distributed as far as such offer or sale or such distribution is to their knowledge and belief consistent with the applicable law of any territory and the selling restrictions set out above.

Incorporation by Reference

The Listing Rules allow Helvetia to "incorporate by reference" into this Prospectus certain information contained in documents that it has published previously or simultaneously with the Prospectus, which means that Helvetia can disclose important information to you by referring to those documents. The information that Helvetia incorporates by reference (together the **Referenced Documents**) is listed in "Information incorporated by reference" on pages 74 to 76 of this Prospectus and is an important part of this Prospectus.

Any reference herein to this Prospectus shall be deemed to include the portions of the Referenced Documents referenced herein. Investors should obtain and review carefully copies of the Referenced Documents. Any statement contained in the Referenced Documents shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

You may consult the Referenced Documents on the website of Helvetia (www.helvetia.com) or request a copy of the Referenced Documents (see below, "Availability of Documents").

Availability of Documents

Copies of this Prospectus (including the documents incorporated by reference in the Prospectus) are available free of charge from UBS AG, Europastrasse 1, CH-8152 Opfikon, Switzerland, or may be obtained by telephone (+41 44 239 47 03), by fax (+41 44 239 69 14) or by e-mail to swiss-prospectus@ubs.com.

Prospectus

This Prospectus is available in English language only and provides information about the Guarantor, Issuer and the Bonds. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds.

No person has been authorized to give any information or make any representation in connection with the offering of the Bonds other than as stated herein and any other information or representation if given or made should not be relied upon as having been authorised by the Issuer or the Syndicate Banks. Neither the delivery of this Prospectus, nor the issue of the Bonds nor any sale thereof shall, in any circumstances, create any implication that there has been no material adverse change in the affairs of the Issuer since the date hereof.

Representative

In accordance with Article 43 of the listing rules of the SIX Helvetia has appointed UBS AG as its representative to lodge the listing application for the Bonds with the SIX.

Responsibility

Each of Helvetia and the Issuer accepts responsibility for all information contained in this Prospectus and has taken all reasonable care to ensure itself that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion.

Helvetia Holding AG **Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen**

INFORMATION ABOUT THE BONDS

Authorisation

Pursuant to a resolution of the board of directors of the Issuer dated June 25/26, 2014 and a Bond Purchase Agreement among the Issuer, UBS AG, Deutsche Bank AG London Branch, acting through Deutsche Bank AG, Zurich Branch, Credit Suisse AG, Raiffeisen Schweiz and Bank Vontobel AG (together the **Syndicate Banks**), the Syndicate Banks have severally but not jointly agreed to purchase the Bonds at an issue price of 101% (minus commissions). The issuance of the Guarantee has been authorised by a resolution of the board of directors of the Guarantor dated June 25/26, 2014.

Use of Proceeds

The net proceeds from the issue of the Bonds, amounting to CHF 223,627,500 (the **Net Proceeds**), will be used by the Issuer for partial financing of the Offer made by the Guarantor in relation to the takeover of Nationale Suisse, see section 'Public Tender Offer' on p. 28 for further information. For that purpose, the Issuer will grant an intra-group loan to the Guarantor. None of the Syndicate Banks shall have any responsibility for, nor be obliged to concern itself with, the use of such Net Proceeds.

Material Change

There has been no material change in the assets and liabilities, financial position or profits and losses of the Issuer and the Guarantor since June 30, 2014.

Recent Developments

On August 28, 2014, the Issuer has, through its fully owned subsidiary Helvetia Versicherungen AG, Vienna, Austria, completed the acquisition of the 100% stake in Basler Versicherungs-Aktiengesellschaft in Oesterreich, Vienna, Austria, from Basler Versicherung AG and Basler Leben AG, respectively.

Until the end of the main offer period and the additional acceptance period, 17,083,622 Nationale Suisse Shares have been tendered to the Guarantor under the Offer. On October 15, 2014 Helvetia has acquired the 1,102,500 Nationale Suisse Shares held by Patria Genossenschaft, a person acting in concert with Helvetia at the Offer Price. Accordingly, the share capital of the Guarantor will be increased by CHF 123,665.60 to CHF 988,953.10 on October 16, 2014, corresponding to the issuance of 1,236,656 new shares with a nominal value of CHF 0.10 for the exchange pursuant to the terms of the Offer.

Swiss Taxation

All payments of interest on the Bonds and /or Coupons are subject to deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently at a rate of 35 per cent.

As concerns any other Swiss tax consequences, prospective investors in the Bonds should consult their own professional advisers.

Notices

All notices in relation to the Subordinated Bonds will be published (i) on the internet site of the SIX (where notices are currently published under the address: http://www.six-exchange-regulation.com/publications/published_notifications/official_notices_en.html) or (ii) otherwise in accordance with the regulations of the SIX.

TERMS OF THE SUBORDINATED BONDS

The terms and conditions (each a **Condition**, and together the **Terms of the Bonds**) of the Dated Subordinated Bonds (the **Bonds**) due 2044 in the aggregate principal amount of Swiss francs (**CHF**) 225,000,000, issued by Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St.Gallen, Switzerland (the **Issuer**), and unconditionally and irrevocably guaranteed on a subordinated basis by Helvetia Holding AG, Dufourstrasse 40, CH-9001 St.Gallen, Switzerland (the **Guarantor**), are established pursuant to a Bond Purchase Agreement (the **Agreement**) dated as of 15 October 2014 among the Issuer and the Guarantor, on the first part, and UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland (**UBS**), and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch, Uraniastrasse 9, CH-8001 Zurich **(Deutsche Bank)**, and Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich (UBS, Deutsche Bank and Credit Suisse AG, together referred to as the **Joint Lead Managers**), on the second part, and other banks mentioned therein (hereinafter, together with the Joint Lead Managers called collectively the **Syndicate Banks**), on the third part. The Terms of the Bonds govern the rights and obligations of the Issuer, the Guarantor and of each Bondholder (as defined below) in relation to the Bonds and are as follows (capitalised terms used herein have the meaning ascribed to them in Condition 16):

1. Denomination, Form, Printing and Delivery of the Bonds

a. The Bonds are issued in the initial aggregate principal amount (the **Principal Amount**) of CHF 225,000,000 (two hundred and twenty five million Swiss francs) and are divided into Bonds with denominations of CHF 5,000 (five thousand Swiss francs) per Bond and multiples thereof (each, a **Bond**).

b. The Issuer reserves the right to reopen (the **Reopening**) and increase the aggregate principal amount of the Bonds issued at any time and without prior consultation of or permission of the Bondholders through the issuance of further bonds which will be fungible with the Bonds (*i.e.*, identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate).

c. The Bonds and all rights in connection therewith are issued in uncertificated form in accordance with article 973c of the Swiss Code of Obligations as uncertificated securities *(Wertrechte)*. The uncertificated securities *(Wertrechte)* will be created by the Issuer by means of a registration in its register of uncertificated securities *(Wertrechtebuch)*. Such uncertificated securities *(Wertrechte)* will then be entered into the main register *(Hauptregister)* of the SIX SIS Ltd or any other intermediary in Switzerland recognized for such purposes by the SIX (SIX SIS Ltd or any such other intermediary, the **Intermediary**). Once the uncertificated securities *(Wertrechte)* are registered in the main register *(Hauptregister)* of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities *(Bucheffekten)* (the **Intermediated Securities**) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (the **FISA**) *(Bucheffektengesetz)*.

d. Neither the Issuer nor the holders of the Bonds (the **Bondholders**) shall at any time have the right to effect or demand the conversion of the uncertificated securities *(Wertrechte)* into, or the delivery of, a permanent global certificate *(Globalurkunde)* or definitive Bonds *(Wertpapiere)*.

e. So long as the Bonds are in the form of Intermediated Securities, the Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the FISA, *i.e.*, by the entry of the transferred Bonds in a securities account of the transferee.

f. The records of the Intermediary will determine the number of Bonds held through each participant of that Intermediary. In respect of the Bonds held in the form of Intermediated Securities, the Bondholders will be the persons holding the Bonds in a securities account in their own name and for their own account.

g. No physical delivery of the Bonds shall be made unless and until definitive Bonds (*Wertpapiere*) shall have been printed. Bonds may only be printed, in whole, but not in part, if UBS as principal paying agent (the **Principal Paying Agent**) determines, in its sole discretion, that the printing of the definitive Bonds (*Wertpapiere*) is necessary or useful. Should the Principal Paying Agent so determine, it shall provide for the printing of definitive Bonds (*Wertpapiere*) without cost to the Bondholders.

h. If printed, the definitive Bonds *(Wertpapiere)* shall be evidenced in the denomination of *CHF 5,000, CHF 100,000 and CHF 1,000,000* and shall be executed by affixing thereon the facsimile signatures of two authorised officers of the Issuer. Upon delivery of the definitive Bonds (*Wertpapiere*), the Issuer will immediately cancel the uncertificated securities (*Wertrechte*) and the Principal Paying Agent shall deliver the definitive Bonds (*Wertpapiere*) to the Bondholders against cancellation of the Bonds in the Bondholders' securities accounts.

2. Interest

2.1. Interest Rate

a. Fixed Interest Rate

Subject to Condition 2.2, the Bonds will bear interest on their Principal Amount from (but excluding) the Payment Date up to (and including) the First Call Date at a rate of 4.00 per cent *per annum* (the **Fixed Interest Rate**), payable in arrear for the first time on 17 October 2015 and thereafter annually in arrears on 17 October in each year (each a **Interest Payment Date**), for the last time on the First Call Date.

b. Reset Interest Rate

As from (but excluding) the First Call Date, in respect of each successive five-year period (the **Relevant Five-Year Period**), the first such period commencing on (but excluding) the First Call Date and ending on (and including) the fifth anniversary of that date, unless previously redeemed, the Bonds will bear interest payable annually in arrears on the Interest Payment Date with the rate of interest being determined on each Coupon Determination Date at the Prevailing Relevant Midswap Rate plus the Initial Margin (the **Reset Interest Rate**).

c. Determination of Reset Interest Rate and Reset Interest Rate Amount

The Principal Paying Agent will, as soon as practicable after the determination of the Reset Interest Rate in relation to each Relevant Five-Year Period, calculate the amount of interest (the **Reset Interest Rate Amount**) payable in respect of each Bond with a denomination of CHF 5,000 for such Relevant Five-Year Period.

d. Publication of Reset Interest Rate and Reset Interest Rate Amount

The Principal Paying Agent shall cause the Reset Interest Rate and the Reset Interest Rate Amount to be notified to the Issuer, the Guarantor and to the SIX or other relevant authority on which the Bonds are at the relevant time listed and to be published in accordance with Condition 9 as soon as practicable after their determination, and in no event later than the fourth Business Day thereafter. The Reset Interest Rate Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Relevant Five-Year Period.

e. Notifications etc. to be final and binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 2 by the Principal Paying Agent will (in the absence of default, bad faith or manifest error) be final and binding on the Issuer, the Guarantor and all Bondholders and (in the absence of default, bad faith or manifest error) no liability to the Issuer, the Guarantor or Bondholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 2.

f. General

If any Interest Payment Date falls on a day which is not a Business Day, the relevant payment will be made on the immediately following Business Day. Bondholders shall not be entitled to demand additional interest or any other payment in respect of such delay.

Interest will cease to accrue on the Bonds from the date of its redemption unless, upon due presentation thereof (if applicable), payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Interest Rate until the day on which all sums due in respect of the Bonds up to (but excluding) that day are received by or on behalf of the relevant Bondholder.

Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months.

2.2. Deferral of Interest Payments

a. Optional Deferral of Interest Payments

For so long as the compulsory interest provisions in Condition 2.3 below do not apply, and subject to Condition 2.2(b), the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the interest period ending on such date, by giving not less than 10 (ten) calendar days' prior notice (the **Deferral Notice**) to the Principal Paying Agent and the Bondholders in accordance with Condition 9. Upon and subject to the Issuer giving a valid Deferral Notice, it shall not have any obligation to pay any interest on such Optional Interest Payment Date and such non-payment shall not constitute a default by the Issuer under the

Bonds or for any other purpose and shall not give Bondholders or the Principal Paying Agent any right to accelerate the Bonds or make a demand under the Subordinated Guarantee.

b. Mandatory Deferral of Interest

For so long as the compulsory interest provisions in Condition 2.3 below do not apply, the Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall otherwise due and payable on an Interest Payment Date in respect of the interest period ending on such date, provided in each case that (i) a Solvency Event has occurred prior to such Interest Payment Date or (ii) a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment. The Issuer shall not be required to defer such Interest Payment or, as the case may be, Solvency Shortfall if FINMA or any Successor Authority has given its consent to such payment. The deferral of any Interest Payment, Solvency Shortfall or any part thereof in accordance with this Condition 2.2(b) shall not constitute a default by the Issuer under the Bonds or for any other purpose and shall not give Bondholders or the Principal Paying Agent any right to accelerate the Bonds or make a demand under the Subordinated Guarantee.

The Issuer, failing whom the Guarantor, shall give notice of such deferral to the Principal Paying Agent (together with the certificate of the occurrence of a Solvency Event referred to below), and to the Bondholders in accordance with Condition 9 not less than 10 (ten) calendar days prior to the relevant Interest Payment Date. A certificate as to the occurrence of a Solvency Event signed by authorized representatives of the Issuer or the Guarantor, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Bondholders, the Principal Paying Agent and all other interested parties as correct and sufficient evidence thereof. The Principal Paying Agent shall be entitled to rely upon such certification absolutely without liability to any person.

c. Deferred Interest

Any interest in respect of the Bonds not paid on an Interest Payment Date (including any Solvency Shortfall), together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of this Condition 2, shall, so long as the same remains unpaid, constitute **Deferred Interest** and shall only be payable in the manner described below.

Deferred Interest shall not themselves bear interest.

d. Settlement of Deferred Interest

Any Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 may, subject to obtaining the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time), be satisfied at the sole discretion of the Issuer in whole or in part, at any time upon the expiry of not less than 10 (ten) nor more than 20 (twenty) calendar days' prior notice to such effect given by the Issuer to the Principal Paying Agent and the Bondholders in accordance with Condition 9.

In any event, such Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 shall automatically become immediately due and payable in full upon the earliest of the following dates:

(i) the Optional Interest Payment Date on which the Issuer makes any Interest Payment;

(ii) the next interest payment date following the occurrence of a Compulsory Interest Payment Event;

(iii) the date set for any redemption of the Bonds;

(iv) the date on which a decree or order is made by a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the same, or on which a resolution is passed, for the winding-up, dissolution or liquidation of the Issuer; and

(v) the date on which the Issuer is dissolved pursuant to a merger, consolidation or amalgamation with another entity and the resulting or surviving entity fails to assume all the obligations of the Issuer in respect of the Bonds.

Notwithstanding the foregoing, Deferred Interest arising pursuant to Condition 2.2(c) will only be due and payable by reason of item (ii) above following the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time).

The Issuer shall give notice to the Principal Paying Agent and the Bondholders in accordance with Condition 9 immediately upon the occurrence of any of the events in paragraphs (i) through (v) above.

If notice is given by the Issuer of its intention to pay the whole or any part of Deferred Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Where Deferred Interest is paid in part, each partial payment shall be made *pro rata* to the Bondholders and shall be in respect of the full amount of the Deferred Interest accrued due to the relevant Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment.

2.3. Compulsory Interest Payments

The Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of Compulsory Interest Payment Date in Condition 2.4), pay interest in respect of the Bonds accrued to that date in respect of the interest period ending on such Compulsory Interest Payment Date, together with all Deferred Interest at such time.

2.4. Definitions

For purposes of this Condition 2 the following definitions shall apply:

Applicable Regulations means the regulatory capital requirements applicable to the Issuer and/or the Guarantor at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of FINMA or any Successor Authority.

Assets means the Issuer's or the Guarantor's total assets as per Swiss statutory accounting principles (*Obligationenrecht*), as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

Compulsory Interest Payment Date means each Interest Payment Date prior to which, at any time during a period of 6 (six) months prior to such Interest Payment Date, a Compulsory Interest Payment Event occurred; provided, however, that if a Solvency Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Solvency Event occurred prior to such a Compulsory Interest Payment Event.

Compulsory Interest Payment Event means any of the following events:

a. the Issuer, the Guarantor or any of the Subsidiaries, wholly owned, directly or indirectly, by the Guarantor, declared or paid a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of newly issued Shares), or made a payment of any nature on any Shares (a **Dividend Payment**), unless the recipient of such Dividend Payment was the Issuer, the Guarantor or a Subsidiary; or

b. the Issuer or the Guarantor pays interest on any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or *pari passu* with the Bonds (unless such payment was compulsory on such securities or required due to the repayment of such securities), unless the recipient of such payment was the Issuer, the Guarantor or a Subsidiary; or

c. the Issuer, the Guarantor or any of the Subsidiaries has, in its sole discretion, decided to repurchase, repay or called for redemption any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or *pari passu* with the Bonds.

Coupon Determination Date means, in respect of a Relevant Five-Year Period, the 5th Business Day prior to the first day of such Relevant Five-Year Period.

Deferral Determination Date means, in respect of an Interest Payment Date, the 20th business day in Zurich preceding such Interest Payment Date.

Initial Margin means 3.1825 per cent *per annum*.

Interest Payment means, with respect to an Interest Payment Date, the interest scheduled to be paid on such Interest Payment Date.

Liabilities means the Issuer's or the Guarantor's total liabilities as per Swiss statutory accounting principles (*Obligationenrecht*), as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

Prevailing Relevant Midswap Rate means the 5-year CHF mid market swap rate calculated on the basis of the rates displayed on ISDAFIX page "CHFSFIX" (or such other page as may replace that page on ISDAFIX, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at 12.00 p.m. (CET or, as applicable, CEST) on the Coupon Determination Date. If the 5-year Mid Swap Rate does not appear on that page, it shall be determined by the Principal Paying Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the CHF swap market of the rates at which swaps in CHF are offered by it at approximately 12.00 p.m. (CET or, as applicable, CEST) on the Coupon Determination Date to participants in the CHF swap market for a period equal to the Relevant Five-Year Period; and (ii) the arithmetic mean rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards) of such quotations.

Shares means any class of shares issued by the Issuer and/or the Guarantor.

A **Solvency Event** shall be deemed to have occurred prior to such Interest Payment Date and is continuing as at the relevant Deferral Determination Date and in the period from and including the date of the occurrence of such Solvency Event to and including such Deferral Determination Date upon any of the following events:

a. the Issuer or the Guarantor (the latter on a group level) does not at such date have appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or

b. the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6) as they fall due; or

c. the Issuer's Assets do not exceed its respective Liabilities (each as defined above) (other than liabilities to persons who are not Senior Creditors); or

d. FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Bonds.

Solvency Shortfall means that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing.

Successor Authority means any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over Issuer and/or the Guarantor's group.

3. Redemption

3.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled in accordance with these Conditions, the Issuer shall redeem the Bonds at their Principal Amount, together, if applicable, with interest accrued up to (but excluding) the Final Maturity Date and any Deferred Interest.

Final Maturity Date means:

(i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date; or

(ii) if, on or prior to the Scheduled Maturity Date, a Solvency Event has occurred and is continuing (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured) or FINMA or a Successor Authority has not given its consent to the redemption of the Bonds, the Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed and FINMA or a Successor Authority has given its consent to the redemption of the Bonds.

Scheduled Maturity Date means 17 October 2044.

3.2. Optional Redemption

On the First Call Date and on any subsequent Interest Payment Date thereafter, the Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9 (a **General Call Notice**), and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Bonds at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest.

3.3. Redemption for Tax Reasons

The Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Bonds at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest, if the Issuer satisfies the Principal Paying Agent immediately before the giving of such notice that on the next Interest Payment Date the payment of interest would (whether or not as a result of a change in or amendment of law or regulation as aforesaid) not be deductible as an expense for tax purposes of the Issuer for reasons outside the control of and which cannot be avoided by, the Issuer taking reasonable measures available to it.

The Principal Paying Agent is under no obligation to ascertain whether any of the events described in this Condition has occurred and, until it shall have actual knowledge or notice to the contrary, the Principal Paying Agent may assume that no such event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorised representatives of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Principal Paying Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

3.4. Redemption for Special Events

Prior to the First Call Date, the Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Bonds at any time (provided that if at any time the inclusion of a redemption option due to a Capital Event (each as defined below) causes a Regulatory Event, the relevant date for redemption may only fall on or after the fifth anniversary of the Payment Date) at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest, if the Issuer satisfies the Principal Paying Agent immediately before the giving of such notice that:

(i) a Capital Event has occurred and is continuing; or

(ii) a Regulatory Event has occurred and is continuing.

As used herein:

A **Capital Event** shall be deemed to occur if the Issuer and / or the Guarantor has received, and confirmed in writing to the Principal Paying Agent that it has so received, confirmation from any Rating Agency that the Bonds will no longer be eligible for the same, or higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Bonds at the Payment Date.

Future Regulations means the solvency margin, regulatory capital or capital regulations (if any) which may be introduced in Switzerland (or if the Issuer becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer and / or to the Guarantor, which would set out the requirements to be fulfilled by financial instruments in order to be eligible to be included in Tier 2 Capital (or equivalent).

Rating Agency means Standard & Poor’s Rating Services, any successor thereof, or another recognized rating agency.

Regulatory Event means the occurrence of any of the following events which occurrence cannot be avoided by the Issuer and / or the Guarantor taking such reasonable measures as the Issuer and / or the Guarantor (acting in good faith) deems appropriate:

(A) prior to the implementation of the Future Regulations, the FINMA or any Successor Authority states that the Bonds are no longer eligible to qualify as at least lower additional capital ("*unteres ergänzendes Kapital*") pursuant to article 49 in connection with article 39 of the ISO (as defined below), and no longer fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or

(B) with effect from the implementation of the Future Regulations, all or part of the Bonds do not qualify as at least Tier 2 Capital (or equivalent) under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Bonds is only a result of any applicable limitation on the amount of such capital.

ISO means the Ordinance on the Supervision of Private Insurance Companies (*Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen* — AVO) of 9 November 2005, as amended.

Special Event means any of a Capital Event or a Regulatory Event or any combination of the foregoing.

The Principal Paying Agent is under no obligation to ascertain whether any Special Event has occurred and, until it shall have actual knowledge or notice to the contrary, the Principal Paying Agent may assume that no such Special Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorized representatives of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and that, where such Special Event requires reasonable measures as the Issuer or, as the case may be, the Guarantor may deem appropriate to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures. The Principal Paying Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

3.5. Clean-up Redemption

Subject to 30 (thirty) calendar days' prior notice, the Issuer may redeem, subject to Condition 3.8, all, but not some only, of the Bonds at any time after the Payment Date and prior to the First Call Date at the Principal Amount together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest if 80 (eighty)% or more in aggregate Principal Amount of the Bonds has been redeemed or purchased and cancelled at the time of such notice.

3.6. Purchases

The Issuer or the Guarantor may, subject to Condition 3.8, at any time purchase Bonds in the open market or otherwise and at any price. Bonds purchased by the Issuer or the Guarantor may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases are made by public tender, tenders for such Bonds must be made available to all holders of such Bonds alike, to the extent possible under applicable securities laws and regulations.

3.7. Cancellation

All Bonds redeemed in full shall be cancelled forthwith and may not be reissued or resold.

3.8. Condition to Redemption or Purchase

Any redemption or purchase of the Bonds in accordance with the Terms of the Bonds is subject to

(i) the Issuer obtaining the prior written consent of FINMA or any Successor Authority thereto provided that such consent is required at that time under applicable capital or solvency regulations; or

(ii) if a Solvency Event has occurred, a Solvency Event has lapsed and FINMA or a Successor Authority has given its consent to the redemption or purchase of the Bonds.

4. Payments

The amounts required for the payment of interest (after deduction of the then applicable Swiss withholding tax) and the Principal Amount and any other payments in cash to be made under these Terms of the Bonds on the Bonds will be made available in good time in freely disposable CHF, which will be placed at the free disposal of the Principal Paying Agent in Switzerland.

Upon receipt of the funds in Switzerland and under the same conditions as received, the Principal Paying Agent will arrange for payment to the Bondholders.

The Issuer undertakes that payments shall be made in freely disposable CHF without collection cost to the Bondholders, and, unless otherwise provided for by applicable law, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Bondholders and without requiring any affidavit or the fulfilment of any other formality, at the counters of any of the following banks (the **Paying Agents**):

UBS AG,
Credit Suisse AG,
Bank Vontobel AG; and
Raiffeisen Switzerland Cooperative.

The receipt by the Principal Paying Agent of funds in CHF in Switzerland from the Issuer shall release the Issuer from its obligations under the Bonds to the extent of amounts received by the Principal Paying Agent.

If printed, individually certificated Bonds presented for redemption and conversion must be delivered and surrendered for payment together with all unmatured interest payments. Unmatured interest payments so delivered will be cancelled without payment.

5. Taxation

All payments of interest on the Bonds are subject to the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently levied at a rate of 35 per cent. Prospective Bondholders should consult their tax advisors on any consequences of any other Swiss or foreign tax (*e.g.*, on personal income) would have if an investment in the Bonds is pursued.

6. Status of the Bonds

The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu,* without any preference, among themselves. The claims of the holders of Bonds rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Issuer:

(i) after the claims of any Senior Creditors (as defined below);

(ii) *pari passu* with any other existing or future direct, subordinated and unsecured obligations of the Issuer which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the Bondholders (the **Parity Obligations**, and **Parity Obligation** shall be construed accordingly); and

(iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Issuer or any other securities issued by the Issuer expressed to rank junior to the claims of the Bondholders.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings on each Bond, subject to the subordination provisions set out in this Condition 6, an amount equal to the principal amount of such Bond together with unpaid Deferred Interest (if applicable) and interest which has accrued up to, but excluding, the date of repayment.

As used herein, **Senior Creditors** means creditors of the Issuer (i) who are policyholders or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Bondholders.

Neither the Principal Paying Agent nor any Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Bonds against any claim that the Issuer may have against the Bondholder and each such Bondholder shall, by virtue of being the Bondholder of any of the Bonds, be deemed to have waived all such rights of set-off.

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person securing the rights of the Bondholders under the Bonds. No agreement may defeat the subordination pursuant to the provisions set out in this Condition 6 or shorten any applicable notice period in respect of the Bonds as provided in these Conditions.

The subordination provisions of this Condition 6 are irrevocable.

7. Events of Default

Each Bondholder may, by written notice addressed to the Issuer with a copy to the Principal Paying Agent, declare all of its Bonds due and repayable, whereupon such Bonds become due and payable at their Principal Amount together with all interest accrued, including all Deferred Interest, without any further formality if the Issuer is (or is deemed by law or a court to be) bankrupt or enters into dissolution and/or liquidation, whether voluntary or not, other than for the purpose of or pursuant to a solvent reorganization or restructuring where the surviving entity assumes substantially all assets and liabilities of the Issuer.

8. Subordinated Guarantee

a. As security for the Bonds, the Guarantor has issued the following unconditional and irrevocable Guarantee:

Quote

GUARANTEE

(in the meaning of Article 111 of the Swiss Federal Code of Obligations, hereinafter called this **Guarantee**)

(i) Being informed that Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St.Gallen, Switzerland (hereinafter called the **Issuer**), issued and sold Dated Subordinated Bonds due 2044 (hereinafter called the **Bonds**) in the aggregate principal amount of CHF 225,000,000, Helvetia Holding AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (hereinafter called the **Guarantor**), herewith irrevocably and unconditionally, but on a subordinated basis in accordance with sub-section (ii) below, guarantees to the holders of the Bonds and interest coupons (the **Coupons**) relating thereto (hereinafter called the **Holders**) in accordance with Article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Bonds and Coupons, the Bond Purchase Agreement and the Paying Agency Agreement (hereinafter called the **Agreements**) and waiving all rights of objection and defence arising from the Bonds and the Agreements, the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Bonds. Accordingly, the Guarantor agrees to pay or deliver to UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, in its capacity as principal paying and calculation agent in respect of the Bonds (hereinafter called **UBS**), on behalf of the Holders, within 7 calendar days after the receipt by the Guarantor of UBS' first written demand for payment and UBS’ confirmation in writing that an amount has become due and payable under the Bonds which is equivalent to the amount claimed under this Guarantee and has remained unpaid on the due date.

(ii) This Guarantee will constitute direct, subordinated and unsecured obligations of the Guarantor and rank *pari passu*, without any preference, among themselves. The claims of the Holders under this Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Guarantor:

(A) after the claims of any Senior Creditors (as defined below);

(B) *pari passu* with any other existing or future direct, subordinated and unsecured obligations of the Guarantor which whether now or in the future rank or are expressed to rank *pari passu* with the claims of the Holders (the **Parity Obligations**, and **Parity Obligation** shall be construed accordingly); and

(C) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor and any other securities issued by the Guarantor expressed to rank junior to the claims of the Holders.

Senior Creditors of the Guarantor means creditors of the Guarantor (i) who are unsubordinated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors of the Guarantor but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to this Guarantee.

The subordination provisions set out above are irrevocable. The Guarantor may not create or permit to exist any charge or other interest over its assets to secure the obligations of the Guarantor in respect of this Guarantee.

(iii) Payments under this Guarantee shall be made in Swiss francs.

The receipt by the Principal Paying Agent of funds in Swiss francs in Switzerland from the Guarantor shall release the Guarantor from its obligations under this Guarantee to the extent of amounts received by the Principal Paying Agent.

(iv) This Guarantee shall give rise to a separate and independent cause of action against the Guarantor and shall apply irrespective of any indulgence granted to the Issuer by UBS or any Holders from time to time and shall continue in full force and effect notwithstanding any judgement or order against the Issuer and/or the Guarantor.

(v) This Guarantee is governed by Swiss law.

(vi) All payments of interest on the Bonds are subject to all applicable taxes, including the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently levied at a rate of 35 per cent.

(vii) Any dispute regarding this Guarantee which may arise between UBS, on the one hand, and the Guarantor, on the other hand, shall be governed by Swiss law and shall fall within the exclusive jurisdiction of the Commercial Court of the Canton of Zurich, Switzerland, the place of jurisdiction being Zurich 1.

(viii) Terms and expressions not otherwise defined in this Guarantee shall have the same meaning as defined in the Agreements.

Unquote

b. The Principal Paying Agent undertakes to call on the Guarantee and to claim from the Guarantor pursuant to the Guarantee any due but unpaid amount. Upon receipt, the Principal Paying Agent undertakes to forward such amount to the Bondholders, waiving all rights of set off with respect to such Bondholders. The Principal Paying Agent is, however, entitled to deduct from the received amount all costs and expenses related to the collection of said amount, including court fees and legal fees.

9. Notices

All notices to Bondholders regarding the Bonds shall be published by the Principal Paying Agent in accordance with the applicable regulations of the SIX and shall be valid as soon as published on the SIX' website: http://www.six-swiss-exchange.com/bonds/issuers/official_notices/search_en.html.

10. Listing

The Issuer will use its reasonable efforts to have the Bonds listed on the SIX and to maintain such listing during the whole life of the Bonds (the last trading day will be the second Business Day prior to the date on which the Bonds will be fully redeemed).

11. Prescription

Claims against the Issuer in respect of Bonds will become void unless presented for payment within a period of presently ten years (in the case of the principal) and within five years (in the case of interest) from the appropriate relevant due date, by virtue of the statute of limitations of Swiss law.

12. Governing Law and Jurisdiction

The form, construction and interpretation of the Bonds shall be subject to and governed by **Swiss law**.

Any dispute which might arise between Bondholders on the one hand and the Issuer on the other hand regarding the Bonds shall be settled in accordance with Swiss law, the exclusive place of jurisdiction being the courts of the city of Zurich and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.

13. Amendments

The Principal Paying Agent may, without the consent of the Bondholders, agree to any modification or arrangement of the Terms of the Bonds which, in the opinion of the Principal Paying Agent, is of a formal, minor or technical nature or is made to correct a manifest error.

14. Role of Joint Lead Managers

UBS, Deutsche Bank, and Credit Suisse will act as Joint Lead Managers. UBS will also act as Principal Paying Agent of this Bond issue and will or may also act on behalf or for the benefit of the Bondholders, but only in the cases stated explicitly in these Terms of the Bonds. In any other cases, UBS is not obliged to take or to consider any actions on behalf or for the benefit of the Bondholders.

15. Severability

If at any time any one or more of the provisions of the Terms of the Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

16. Definitions

1 **Agreement** has the meaning given to it in the preamble;

2 **Applicable Regulations** has the meaning given to it in Condition 2.4;

3 **Assets** has the meaning given to it in Condition 2.4;

4 **Bond** has the meaning given to it in Condition 1(a);

5 **Bonds** has the meaning given to it in the preamble;

6 **Bondholder** has the meaning given to it in Condition 1(d);

7 **Business Day** means any day (other than Saturday or Sunday) on which banks are open for the whole day for business in Zurich and St. Gallen;

8 **Capital Event** has the meaning given to it in Condition 3.4;

9 **CHF** has the meaning given to it in the preamble;

10 **Compulsory Interest Payment Date** has the meaning given to it in Condition 2.4;

11 **Compulsory Interest Payment Event** has the meaning given to it in Condition 2.4;

12 **Condition** has the meaning given to it in the preamble;

13 **Deferral Determination Date** has the meaning given to it in Condition 2.4;

14 **Deferred Interest** has the meaning given to it in Condition 2.2(c);

15 **Deferral Notice** has the meaning given to it in Condition 2.2(a);

16 **Dividend Payment** has the meaning given to it in Condition 2.4(a);

17 **Event of Default** has the meaning given to it in Condition 7;

18 **Final Maturity Date** has the meaning given to it in Condition 3.1;

19 **FINMA** means the Swiss Financial Market Supervisory Authority FINMA;

20 **First Call Date** means 17 October 2024;

21 **FISA** has the meaning given to it in Condition 1(c);

22 **Fixed Interest Rate** has the meaning given to it in Condition 2.1(a);

23 **Future Regulations** has the meaning given to it in Condition 3.4;

24 **General Call Notice** has the meaning given to it in Condition 3.2;

25 **Guarantor** has the meaning given to it in the preamble;

26 **IFRS** means the International Financial Reporting Standards promulgated from time to time by the International Accounting Standards Board;

27 **Initial Margin** has the meaning given to it in Condition 2.4;

28 **Interest Rate** means a Fixed Interest Rate or a Reset Interest Rate;

29 **Interest Payment Date** has the meaning given to it in Condition 2.1(a);

30 **Interest Payment** has the meaning given to it in Condition 2.4;

31 **Intermediary** has the meaning given to it in Condition 1(c);

32 **Intermediated Securities** has the meaning given to it in Condition 1(c);

33 **ISO** has the meaning given to it in Condition 3.4;

34 **Issuer** has the meaning given to it in the preamble;

35 **Joint Lead Managers** has the meaning given to it in the preamble;

36 **Liabilities** has the meaning given to it in Condition 2.4;

37 **Optional Interest Payment Date** means any Interest Payment Date other than a Compulsory Interest Payment Date;

38 **Parity Obligations** has the meaning given to it in Condition 6;

39 **Paying Agents** means the Principal Paying Agent, UBS and the other banks referred to in Condition 4 in their function as paying agents for the Bonds;

40 **Payment Date** means 17 October 2014;

41 **Principal Amount** has the meaning given to it in Condition 1(a) in relation to the total outstanding amount of all Bonds as well as in relation to one Bond;

42 **Principal Paying Agent** means UBS in its function as principal paying agent for the Bonds;

43 **Rating Agency** has the meaning given to it in Condition 3.4;

44 **Regulatory Event** has the meaning given to it in Condition 3.4;

45 **Relevant Five-Year Period** has the meaning given to it in Condition 2.1(b);

46 **Reopening** has the meaning given to it in Condition 1(b);

47 **Reset Interest Rate** has the meaning given to it in Condition 2.1(b);

48 **Reset Interest Rate Amount** has the meaning given to it in Condition 2.1(c);

49 **Scheduled Maturity Date** has the meaning given to it in Condition 3.1;

50 **Senior Creditors** has the meaning given to it in Condition 6;

51 **Shares** has the meaning given to it in Condition 2.4;

52 **SIX** means the SIX Swiss Exchange Ltd or any successor to the SIX Swiss Exchange Ltd;

53 **Solvency Event** has the meaning given to it in Condition 2.4;

54 **Solvency Shortfall** has the meaning given to it in Condition 2.4;

55 **Special Event** has the meaning given to it in Condition 3.4;

56 **Subsidiary** a company the financial statements of which are, in accordance with applicable law or generally accepted accounting principles, consolidated with those of the Issuer or, as the case may be, the Guarantor;

57 **Subordinated Guarantee** means the unconditional and irrevocable guarantee on a subordinated basis by the Guarantor;

58 **Successor Authority** has the meaning given to it in Condition 2.4;

59 **Syndicate Banks** has the meaning given to it in the preamble;

60 **Terms of the Bonds** has the meaning given to it in the preamble; and

61 **UBS** has the meaning given to it in the preamble.

PUBLIC TENDER OFFER

Overview of the Public Tender Offer

Helvetia and Nationale Suisse have agreed to jointly create a new insurance group. For this purpose Helvetia and Nationale Suisse entered into a transaction agreement on July 6, 2014 and an amendment to the transaction agreement on July 30, 2014, pursuant to which Helvetia undertook to submit the Offer, and the board of directors of Nationale Suisse undertook to recommend to its shareholders the acceptance of the Offer.

The Offer represents the starting point of a commercial transaction by which Nationale Suisse's current business activities, along with its assets and liabilities, will be consolidated with those of Helvetia and its subsidiaries. Thereby, the creation of a strong Swiss insurance group within the insurance industry shall be enabled.

On August 8, 2014, Helvetia published the Offer. The offer price (the **Offer Price**) offered to the shareholders of Nationale Suisse comprised CHF 52.00 in cash and 0.0680 Shares for each Nationale Suisse Share. The share component of the Offer Price was calculated on the basis of the closing price of the Shares of CHF 411.75 on July 4, 2014, one trading day prior to publication of the pre-announcement on July 7, 2014, corresponding to a value of CHF 28.00 and an Offer Price of CHF 80.00 in the aggregate.

On September 17, 2014, the extraordinary meeting of the shareholders of Helvetia authorized the increase of the share capital by up to CHF 130,000 (up to 1,300,000 Shares) as consideration for the equity component of the Offer.

During the main offer period and the additional acceptance period, 17,083,622 Nationale Suisse Shares have been tendered to Helvetia under the Offer.

On September 29, 2014 the extraordinary meeting of the shareholders of Nationale Suisse approved, *inter alia*, the abolishment of the voting and registration restrictions in the articles of association of Nationale Suisse.

On October 16, 2014, Helvetia will issue new Shares against contribution in kind of the tendered Nationale Suisse Shares, including new Shares to be issued to Patria Genossenschaft, a company acting in concert with Helvetia, whose Nationale Suisse Shares Helvetia has acquired on October 15, 2014 at the Offer Price. The increase of the share capital will be recorded in the commercial register of the Canton of St. Gallen on or around October 16, 2014.

At the end of the additional acceptance period on October 9, 2014, (i) Helvetia, together with the persons acting in concert with Helvetia, holds a participation of 96.26% in Nationale Suisse and (ii) remaining minority shareholders together hold a participation of 3.74% in Nationale Suisse.

Measures to achieve 100% control by Helvetia over Nationale Suisse

As not all Nationale Suisse Shares have been tendered to Helvetia under the Offer, Helvetia intends to further increase its shareholding in Nationale Suisse and to introduce appropriate measures to achieve full control by Helvetia over Nationale Suisse. To that end, Helvetia will initiate

(a) *in case Helvetia holds 98% of the voting rights in Nationale Suisse:* a cancellation proceeding pursuant to article 33 SESTA. In such a proceeding, shareholders of Nationale Suisse who have neither tendered their Nationale Suisse Shares to Helvetia in the context of the Offer nor sold their Nationale Suisse Shares to Helvetia after the settlement of the Offer will receive compensation equal to the amount of the Offer Price.

(b) *in case Helvetia does not hold more than 98% of the voting rights in Nationale Suisse:* a merger of Nationale Suisse with a directly or indirectly held Swiss subsidiary of Helvetia, whereby the remaining Nationale Suisse shareholders shall receive Shares, a cash payment, or a combination of Shares and a cash payment, as compensation pursuant to art. 8 para. 2 of the Federal Act of October 3, 2003 on Merger, Demerger, Transformation and Transfer of Assets and Liabilities (**MergA**). This compensation may differ from the Offer Price.

After the completion of the Offer, Helvetia intends to arrange for Nationale Suisse Shares to be delisted from the SIX.

Overview of Nationale Suisse

Nationale Suisse is an independent Swiss insurance group operating internationally. It is headquartered in Basel, Switzerland. The Nationale Suisse Shares are traded on the SIX according to the Main Standard. Nationale Suisse has a market presence in the life and non-life segments and increasingly offers customised specialty-line coverage (as further described below). The consolidated gross written premiums in the 2013 financial year amounted to CHF 1.5 billion. The group comprises the parent company and approximately 20 subsidiaries, branch offices and representative offices operating in focal product lines – across insurance markets in Switzerland, Italy, Spain, Germany, Belgium, Liechtenstein, Turkey, Asia and Latin America. The Swiss home market forms the basis of its business activity. In addition, Nationale Suisse is developing its activities in Europe and worldwide, currently primarily in Asia, Latin America, Turkey and Liechtenstein. In addition to its offering to traditional private and business clients, Nationale Suisse is developing and reinforcing special competencies in the three local segments of Specialty Lines Direct, Travel and Credit Life as well as the three multinational Specialty Lines of Engineering, Marine and Art. Nationale Suisse is a niche player in Specialty Lines, distinguished through its know-how and an international network.

Rationale for the Offer

The board of directors of Helvetia (the **Board**) believes that the acquisition of Nationale Suisse delivers a number of benefits to Helvetia, including:

- The insurance group resulting from the combination of Helvetia and Nationale Suisse is expected to generate a premium volume of around CHF 9 billion.
- The combination is expected to reinforce Helvetia as Switzerland's top-3 insurer, allowing it to become one of the country's leading multi-line insurers. With an expected premium volume of over CHF 5 billion, the domestic market will remain the main pillar of the combined group.
- The new group is expected to also have attractive prospects in Europe. In the past, Helvetia and Nationale Suisse both operated in Europe's largest insurance markets (Germany, Italy and Spain), and will now be able to pool their resources. Overall, the European business is expected to account for a premium volume of approximately CHF 3 billion, making it the second strong pillar of the expanded Helvetia Group.
- The Specialty Lines division is expected to pool the Marine/Transport, Engineering, Art and Active Reinsurance of Helvetia and Nationale Suisse. This also includes Helvetia France, the number two in the French transport insurance market. Helvetia is expected to continue the development of the two companies in these business areas - on an enlarged basis with a premium volume of just under CHF 1 billion and at the same time a higher underwriting capacity.
- Due to the higher premium volume and the complimentary foreign market presence, the combination of Helvetia and Nationale Suisse is expected to bring the possibility of economies of scale and synergies. In the medium term, the combination is expected to generate additional growth opportunities, an improved risk profile and annual cost savings in the region of CHF 100 to 120 million, before taxation.

These statements of expected premium volumes, profits and cost savings are estimates and relate to future actions and circumstances which by their nature involve risks, uncertainties, contingencies and other factors. As a result, the estimates referred to may be changed, not be achieved, or those achieved may be materially different from those estimated.

Financing the Offer

Helvetia contemplates to finance the Offer by way of (i) the issuance of the Exchange Shares, (ii) a loan facility granted by UBS AG , (iii) raising hybrid capital through Helvetia SV which in turn provides an internal loan to Helvetia and (iv) own resources.

Helvetia Group Post Offer

Following the Offer, it is the intention to combine Helvetia's and Nationale Suisse's operations. The new insurance group will operate under the Helvetia brand. The professional expertise of Helvetia and Nationale Suisse will be combined. For that purpose, representatives of both companies will work together at the highest management levels of the enlarged Helvetia Group.

INFORMATION ABOUT THE ISSUER

Name, Registered Office

Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland

Date of Incorporation and legal form

Helvetia Schweizerische Versicherungsgesellschaft AG was incorporated on February 20, 1883 (date of registration) as stock corporation with limited liability (*Aktiengesellschaft*), in accordance with art. 620 et seq. of the Swiss Code of Obligations.

Purpose

The articles of association of the Issuer are dated March 30, 2006. According to article 3, the purpose of the Issuer is the offering of any kind of insurance and reinsurance services, excluding life insurance. The Issuer can acquire participations in other companies.

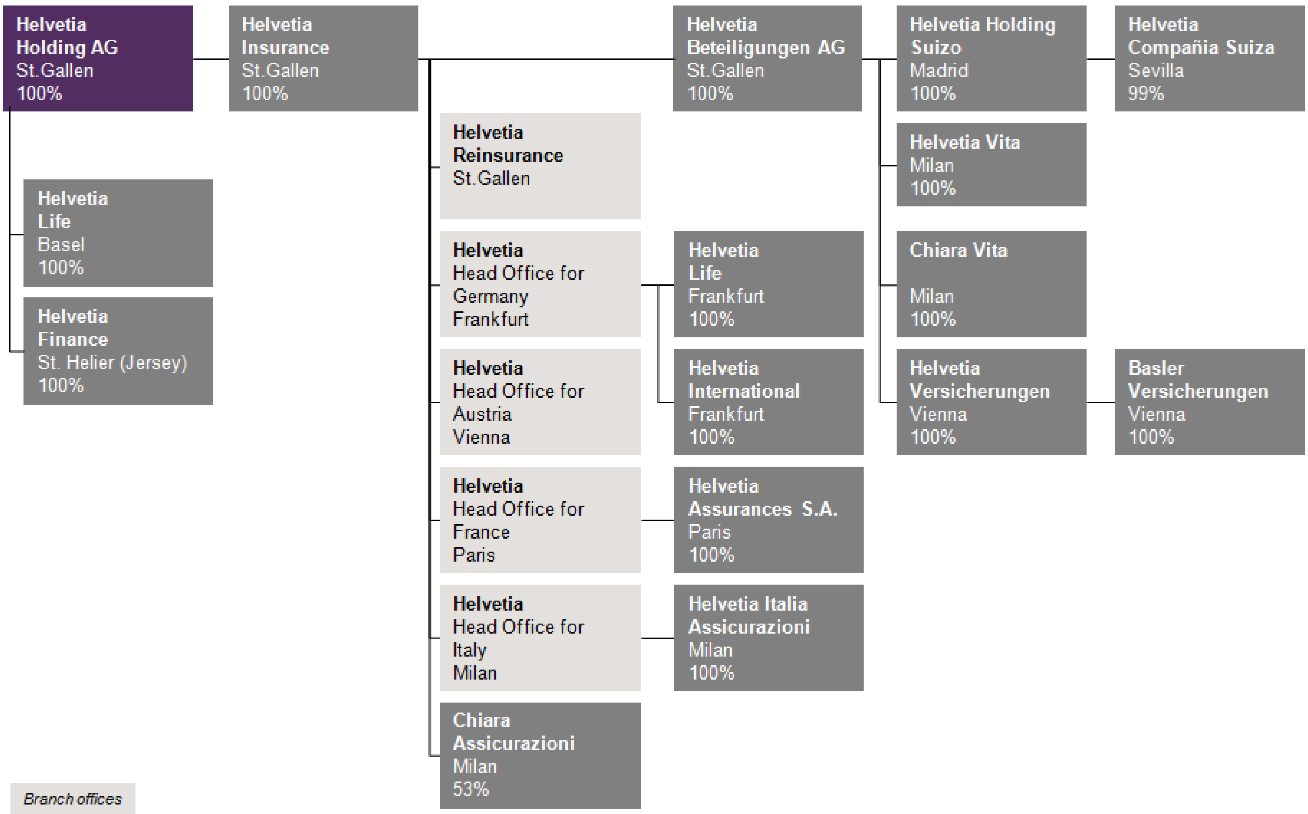
Register

The Issuer is registered in the commercial register of the canton of St. Gallen under the number CHE-101.400.176.

Group

The Issuer is a Swiss company based in St. Gallen with operations in Switzerland. It forms an integral part of Helvetia Group.

The following chart provides an overview of the main companies of Helvetia Group as at September 30, 2014:



Business Activities

The information on the insurance activities reflects the Issuer's stand-alone insurance activities in Switzerland and does not take into account any premium volume from the Issuer's subsidiaries or its branch offices.

The Issuer, with a gross written premium volume of CHF 797 million in 2013, is the seventh largest non-life insurer in Switzerland. The principal activities of the Issuer are to carry out business in all lines of non-life business in Switzerland. On the basis of year-end 2013 gross written premiums, the portfolio is split into the main lines of business as follows: Property 47%, Motor 36%, Liability 14%, and Transport 3%.

The Issuer's Swiss business contributes around 31% of Helvetia Group's non-life gross written premiums as per year-end 2013.

In addition to the Issuer's insurance activities in Switzerland, it holds also the majority of Helvetia Groups' subsidiaries. Furthermore, the Issuer has various branches in European countries as well as the reinsurance branch which is based in Switzerland.

As per August 28, 2014 the Issuer completed, through its Austrian subsidiary Helvetia Versicherungen AG, Vienna, the purchase of Basler Versicherungs-Aktiengesellschaft in Oesterreich, Vienna, a former subsidiary of the Baloise group. This company adds, on the basis of year-end 2013, around EUR 135.3 million premiums. With this transaction, Helvetia has expanded its business volume in Austria by more than 50% and with a combined premium volume of approximately EUR 400 million will be one of the top 10 insurance companies in Austria.

Management

Board of Directors:

Erich Walser	Chairman
Doris Russi Schurter	Vice-Chairwoman
Hans-Jürg Bernet	Member
Jean-René Fournier	Member
Paola Ghillani*	Member
Christoph Lechner	Member
John Martin Manser	Member
Herbert J. Scheidt	Member
Pierin Vincenz	Member

Executive Management for the Swiss operation**:

Philipp Gmür	Chief Executive Officer
Uwe Bartsch	Head of Operations & Development
Andreas Bolzern	Chief Financial Officer
Donald Desax	Head of Market Area Group Life Companies
Reto Keller	Head of Market Area Private Pensions
Beat Müller	Head of Actuarial Department / Asset & Liability Management
Rene Stocker	Head of Distribution
Hermann Sutter	Head of Market Area Non-Life
Angela Winkelmann	Head of Human Resources and Services

* Prior to the extraordinary shareholders' meeting of September 17, 2014, Paola Ghillani resigned as member of the Board, whereby such resignation is conditional upon completion of the Offer, with effect as of January 1, 2015.

** Ralph A. Jeitziner and Armin Suter, current members of the management of Nationale Suisse, have been appointed as new members of the Executive Management of the Issuer, as Head of Distribution and Head of IT, respectively.

Their business address is c/o Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland.

KPMG AG, Badenerstr. 172, 8004 Zurich, Switzerland, were elected as independent auditors for the Issuer and have audited the Issuer's financial statements.

Annual Report

The Issuer does not publicly disclose its own financial statements.

Capital Structure

As of the prospectus date the Issuer's share capital amounted to CHF 77,480,000, divided into 1,549,600 registered shares with a nominal value of CHF 50.00.

INFORMATION ABOUT HELVETIA HOLDING AG

Name, Registered Office

Helvetia Holding AG (Helvetia Holding SA, Helvetia Holding Ltd), Dufourstrasse 40, 9000 St. Gallen, Switzerland.

Date of Incorporation and Legal Form

Helvetia was incorporated on April 17, 1996 (date of registration) as stock corporation with limited liability (*Aktiengesellschaft*), in accordance with art. 620 *et seq.* CO.

Purpose

Pursuant to its articles of association, Helvetia's purpose is to hold shareholding interests in domestic and foreign insurance, finance, service and other companies. It may form other companies, hold shareholding interests in, acquire or finance such companies, and enter into cooperations. Helvetia may engage in any business that is connected with this purpose or that appears to be in Helvetia's interests. With respect hereto, it may acquire, manage, sell or encumber real estate domestically and abroad.

Register

Helvetia is registered in the commercial register of the Canton St. Gallen under company number CHE-103.479.504.

Business Activities

Overview

Helvetia is a listed Swiss insurer formed in 1996 from the combination of two Swiss insurance companies, namely Helvetia Versicherungen and Patria, Schweizerische Lebensversicherungs-Gesellschaft auf Gegenseitigkeit ("Patria Genossenschaft"). "Helvetia" has been synonymous with reliable insurance services for more than 150 years. During this time, the group has evolved from different Swiss and foreign companies, including the two largest companies Helvetia Versicherungen (1858) and Patria Genossenschaft (1878), to become a successful, pan-European insurance group. Since the establishment of Helvetia Holding AG in 1996, Patria Genossenschaft as the largest shareholder has continued to promote the interests of Helvetia Group and its customers. With some exceptions, all group companies are operating under the uniform brand name "Helvetia" since 2006.

Helvetia Group ranks among the top 3 insurance groups in Switzerland based on premium volume. Outside Switzerland, Helvetia Group is a respected insurance service provider in specific European markets leveraging its recognized Swiss identity, the "Swissness". Helvetia's business activities focus on private customers as well as small and medium-sized enterprises. The Central European economic region as well as Italy and Spain offer intact markets to run a profitable insurance business, even in economically challenging times. Demand is likely to grow in the long term in the life insurance business in particular, as the ageing of the population and foreseeable further reductions in the statutory pension systems can be expected to boost demand for private pension solutions. Similarly, the non-life insurance segment is expected to maintain its important function within an economy. Helvetia focuses its growth efforts on the existing European country markets being Switzerland, Italy, Germany, Spain, Austria and France.

Helvetia Group's competitive advantages include:

- A business strategy focused on customer and business line segments in dedicated geographic regions;
- a reputation for quality and client oriented service;
- a valued reputation as a reliable and conservative insurance partner;
- the capability to quickly adjust to changing customer needs due to its presence in, and knowledge of, local markets;
- multi-channelling approach through established distribution channels, including independent and tied agents as well as branches, and the expansion of distribution reach and customer access through strategic alliances; and banks (e.g. Raiffeisen, Vontobel, Swiss Cantonal banks or Banco di Desio in Italy);
- a diversified investment and conservative financial policy combined with a disciplined process for capital allocation, risk management and performance measurement that is centrally controlled and monitored; and
- a strong capital base with a Solvency 1 ratio of 218 % per cent as per year-end 2013. Helvetia is currently

rated 'A' with CreditWatch by Standard & Poor's. Such solid capital base and the subsequent strong public rating provide a solid basis towards clients.

Life insurance includes a comprehensive range of risk protection and long-term savings products. Outside Switzerland, Helvetia sells life insurance through its subsidiaries in Italy, Germany, Spain and Austria. While those life insurance portfolios are relatively small in size these markets and Helvetia's operations offer a good potential for growth. These portfolios will be developed to ensure organic growth as well as growth through targeted acquisitions (where operations or portfolios meet Helvetia Group's criteria) as well as through co-operations.

Non-life insurance includes property, marine and transport, motor vehicles as well as liability and accident/health insurance products. In non-life, Helvetia focuses on maintaining the high quality of its portfolio predominantly based on a disciplined underwriting strategy supported by a prudent reinsurance structure to limit exposure to major loss events. The earnings power of this segment also depends on the composition of the portfolio, premium and cost developments and claims experience. The profitability of the non-life business is measured by the combined ratio (costs and claims over premiums), which for Helvetia has been strong, with an average over the last years of below 95% (financial year 2013: 93.6%).

Other activities comprise mainly cross-border activities related to managing and supporting the business of Helvetia Group as well as the active reinsurance business. In Switzerland, Helvetia has been active as a reinsurance company since 1858. As a niche provider, the active reinsurance of Helvetia is characterized by excellent business relationships, a strict underwriting policy and a good degree of sector diversification. This is reflected in an international, high-quality and sustainable profitable reinsurance portfolio. The reinsurance activities focus on the OECD markets.

Helvetia concentrates on the needs of private individuals and small and medium-sized enterprises with customer centricity being key to product development and sales efforts. Thanks to the decentralised organisational structure Helvetia is equipped to react quickly to shifting demand across the group.

Helvetia benefits from country-specific distribution structures as well as a number of strong distribution partnerships that have been continuously expanded in the past years. The multi-channelling approach will be further developed in all country markets. The focus on the needs of customers and partners ensures stability of the agent and broker network. The expansion of the customer base is further supported by the addition of new distribution channels and partners.

Helvetia distinguishes itself as a quality provider through its high commitment to service, focusing on the personality of each individual client founding on a trust based partnership. In addition, with its fast, personal and competent support Helvetia strives for a high level of customer loyalty. Moreover, Helvetia has been able to rely on the expertise of its renowned cooperation partners for many years, which include Raiffeisen Switzerland, Notenstein, the Swiss cantonal banks and the Vontobel Group, ARAG, Banco di Desio and the ENI Group. These cooperations improve the sales reach of Helvetia and enables Helvetia to focus on its core skills.

Measured by gross written premiums in 2013, Helvetia is the third largest life insurer in Switzerland with a market share of about 11% in both segments group life business and individual life business. In the Swiss non-life market, Helvetia is the seventh largest insurer based on premium volume, assuming around 5 % of the market.

Helvetia Group is represented in six European countries. In Switzerland, Germany, Austria, Italy and Spain, Helvetia Group is active in life and non-life business. In France, Helvetia Group is focused on transport insurance. In 2013, 59% of the business volume was generated in Switzerland and 41 % abroad. The share of the non-life activities of the total amounted to 34% in 2013 while the life part contributed 63% to the business volume. The foreign business is mainly non-life insurance while in Switzerland the life sector contributed 82% to the domestic business volume.

The following table features the key financial figures of Helvetia Group:

CHF in million	Year ended December 31,			Six months ended June 30,	
	2011	2012	2013	2013	2014
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Business volume	7,172.1	6,978.5	7,476.8	4,775.0	4,821.7
Investment result from Group financial assets and investment property	878.4	1,177.8	1,156.8*	594.4*	582.1
Result non-life business	135.5	172.9	191.7	75.0	103.1
Result life business	155.2	138.2	152.9	71.3	71.9
Result other activities	-0.8	22.0	19.2	33.1	21.9
Amortization of goodwill	-	-	-	-	-
Group profit for the period before taxes	360.8	423.6	461.7	222.9	241.3
Group profit for the period after taxes	289.9	333.1	363.8	179.4	196.9
Investments	34,839.0	37,733.2	39,576.1	39,181.7	40,887.5
Provisions for insurance and investment contracts (net)	30,125.5	32,765.7	34,518.7	34,221.6	35,580.9
Consolidated equity	3,677.9	4,050.2	4,131.2	3,861.4	4,382.6

*adjusted figures for prior years based on a different view shown here relative to other published reports.

In 2013, Helvetia Group's business volume amounted to CHF 7.5 billion of which CHF 4.7 billion were attributable to the life sector and CHF 2.6 billion to the non-life sector. The non-life business contributed CHF 191.7 million, the life business CHF 152.9 million to the Group's net profit in 2013. Overall, the net profit after taxes in 2013 reached CHF 363.8 million. Assets under management amounted to CHF 39.6 billion per year-end 2013 and to CHF 40.9 billion as per June 30, 2014.

Capitalisation and indebtedness post-offering of the Group

CHF in million	Helvetia Group 30.06.2014 (unaudited)	Adjustments for the Offer	Adjusted Total
Cash and cash equivalents	**1,020.8**		**1,020.8**
Financial debt (hybrid bond)	300.0		300.0
Financial debt (senior bond)	149.7		149.7
Debt: subordinated and senior debt	**449.7**	**0.0**	**449.7**
Shareholder Capital	0.9	0.1	1.0
Capital reserve	125.7	552.4	678.1
Treasury shares	-12.0		-12.0
Unrealised gains and losses (net)	274.1		274.1
Foreign currency translation differences	-313.8		-313.8
Retained earnings	2,951.6		2,951.6

Valuation reserves for contracts with participation features	1,041.1		1,041.1
Non-controlling interest	15.0		15.0
Shareholders' Equity	**4,082.6**	**552.5**	**4,635.1**

Hybrid / Senior Debt: As part of the refinancing of the transaction, Helvetia plans to issue hybrid and senior debt up to a combined amount of CHF 1.0 bn.

Shareholder Capital / Capital reserve: The current value reflects the share price of Helvetia as per October 14, 2014 of CHF 446.75 and the new number of Helvetia shares to be raised by the Offer and the tender from Patria Genossenschaft The effective adjustment to the Offer depends on the Helvetia share price as of October 20, 2014 and any potential additional increases thereafter.

Strategy Helvetia 2015+

Helvetia is well aware that insurance is based on trust and reliability. Helvetia's organization is focused on earning. Helvetia offers reliable insurance and pension products and thanks to its straightforwardness and individuality reaches and convinces increasingly private and corporate customers in Switzerland and selected European markets.

Helvetia Group aims to dynamically develop its attractive business portfolio based on a stable foundation. The group aims to belong to the leading insurance providers in the home market Switzerland, to significantly strengthen positions in Germany and Spain and to gradually further develop the business in Italy, Austria and France. A meaningful geographical diversification as well as a sound balance between the highly profitable non-life business, the high growth-potential offering life and pension business and the cyclical reinsurance business is of high importance. Helvetia's ambition will be implemented on the basis of organic growth through innovative products and constantly further developing the sales reach and productivity. Further, Helvetia actively and systematically seeks targeted acquisitions and strategic partnerships in its markets. The announced acquisition of Nationale Suisse is in line with the above strategy. Helvetia considers the satisfaction of the customers and the strengthening of profitability most important. The objective is therefore to constantly increase the productivity of Helvetia by improving operating processes.

Helvetia's ambition is supported by the following objectives reflecting Helvetia's motto: "To excel in growth, profitability and customer loyalty".

Strengthen expansion of market positions

- Expansion of the multi-channelling approach in all country markets
- Pursuit of an active yet selective M&A strategy

Sustainably improve profitability

- Increase life earnings power with a bundle of local measures supported by specialists on group level
- Push industrialisation of business processes and group-wide bundling of IT processes
- Optimise financial structure in compliance with supervisory requirements (e.g. SST and Solvency II)

Improve customer loyalty in line with needs

- Optimisation of the management of sales processes (CRM approach)
- Further enhance the brand profile and recognition
- Improve quality management of business processes

Helvetia's strategy is reviewed annually in light of changing market conditions. This ensures that current and impending circumstances are taken up in the strategic planning. Despite the continuing challenging economic environment, Helvetia has kept its medium- and long-term objectives.

Product Lines and Services

The products and services offered by Helvetia Group are as follows:

Life insurance

In the life businesses, the group offers a comprehensive range of life insurance products. These include risk and pension solutions and are aimed at private persons (individual life) and companies (group life).

Individual Life

For private persons, Helvetia Group offers pure risk insurance, savings insurance and endowment insurance, annuity insurance as well as modern investment-linked products. Depending on the product, premiums are paid as single or regular premiums. Most of the products include a discretionary participation feature, although some countries regulate the minimum amount of profit participation to be credited to the customer. Individual life insurance accounted for 34.2 % in 2013 (2012: 38.0 %) of Helvetia Group's gross life premium volume, of which around 53% stems from Switzerland. The more capital efficient investment-linked insurance generated 11.3% in 2013 (2012: 9%) of the group's life premiums, to which Switzerland contributed 62.2% (2012: 57%).

Most of the products include a premium guarantee, which means that the bases for mortality, disability, interest rates and costs used in the premium calculation are guaranteed. These bases are therefore carefully fixed at the time the insurance policy is concluded. If later developments are better than expected, profits accrue which are partially returned to the customer in the form of a participation feature. The following two important exceptions apply to the guaranteed bases: first, no interest guarantees exist for unit-linked insurance policies. However, there may be some products that guarantee the payment of a minimum survival benefit. Second, in Switzerland, premiums for insurance policies for disability pensions are not guaranteed for policies concluded since mid-1997 and the contractual underlyings might be adjusted at the discretion of Helvetia.

Group Life

Group life accounts in 2013 for 59.5% (2012: 56.8%) of the gross life premium volume of Helvetia Group, with 97.2% of the premiums for Group Life (2012: 94.8%) stemming from Switzerland. Here, Helvetia has the third largest position in the market in providing Occupational Pensions Act (BVG) insurance solutions. Under the Swiss BVG rules companies are obliged to insure their employees against the mortality and disability risks and to provide the option for employees to take a pension on retirement, which is guaranteed until death, thus effectively insuring longevity risk. Helvetia Switzerland offers products to employers that cover these risks. Most of these products include a discretionary participation feature whose minimum amount is statutorily or contractually prescribed. Otherwise the characteristics of the group life insurance products are very similar to individual insurance.

Non-life insurance

In 2013 non-life business accounted for 35 % (2012: 35 %) of the gross non-life premium volume of Helvetia Group. In non-life, Helvetia Group offers a wide range of products. The focus of the activities is in property, motor vehicle and marine and transport insurance. Motor vehicle insurance is primarily contracted with individual private clients. In 2013, 69% of the group's non-life premiums were generated by the foreign business units.

Active reinsurance

Active reinsurance is steered as a profitable niche business within Helvetia Group. The current portfolio is well diversified, both geographically and by lines of business and geared towards non-life (2013: 97% of the respective reinsurance premium volume).

The table below shows business volumes in life and non-life by lines of business.

Business volume in business sections (CHF in millions)	**Year ended December 31,**				**6 months ended June 30,**		
	2011	**2012**	**2013**	**2013 in %**	**2013**	**2014**	**2014 in %**
Individual							
Traditional	1,312.8	1,439.3	1,326.5	18%	642.1	660.3	13%
Investment-linked	329.0	376.0	515.6	7%	182.3	187.4	4%
Deposits	261.2	149.8	183.6	2%	71.9	87.9	2%
Group Life	2,616.8	2,386.1	2,705.4	36%	2,201.0	2,160.9	45%

Life insurance (direct business)	**4,519.8**	**4,351.2**	**4,731.1**	**63%**	**3,097.3**	**3,096.5**	**64%**
Property (incl. Fire)	917.6	918.0	937.7	13%	553.9	564.0	12%
Transports (incl. marine)	157.3	172.5	312.5	4%	209.7	208.7	4%
Motor vehicle	923.0	930.6	897.1	12%	578.1	595.1	13%
Liability	253.2	252.3	257.6	3%	158.3	160.7	3%
Accident and Health	180.7	139.0	146.0	2%	85.3	92.9	2%
Non-life insurance (direct business)	**2,431.8**	**2,412.4**	**2,550.9**	**34%**	**1,585.3**	**1,621.4**	**34%**
Active reinsurance (indirect business)	**220.5**	**214.9**	**194.8**	**3%**	**92.4**	**103.8**	**2%**
Total	***7,172.1***	***6,978.5***	***7,476.8***	***100%***	***4,775.0***	***4,821.7***	***100%***

Claims management

The quality of Helvetia Group's claims management and settlement – in addition to the underwriting standards – is of very high importance to Helvetia and aligned with the strategic aim to provide customers a high level of service and quality.

Business units

Helvetia Group operates in Switzerland, Germany, Austria, Italy, Spain and France. Active reinsurance is offered world-wide, but mainly within the OECD-countries.

Helvetia Group consists of the following six business units: Switzerland, Germany, Austria, Italy, Spain, France and Active Reinsurance. A business unit comprises more than one regulated / legal entity.

The group's corporate functions support the business units and the group overall in achieving the respective targets. Asset management, finance management (including reinsurance and risk management) and the human resource development and to a large extent IT are centralized for the whole group.

The table below shows the gross written premiums in the segments life and non-life insurance by country:

Gross written premium in country markets (CHF in millions)	**Year ended December 31,**				**6 months ended June 30,**		
	2011	**2012**	**2013**	**2013 % of Total**	**2013**	**2014**	**2014 % of Total**
Total	**6,910.9**	**6,978.5**	**7,293.2**	**100%**	**4,703.1**	**4,733.8**	**100%**
Group Non-life total	2,431.8	2,412.4	2,550.9	35%	1,585.3	1,621.4	34%
Group Life total	4,258.6	4,201.4	4,547.5	62%	3,025.4	3,008.6	64%
Switzerland	**4,110.1**	**3,978.4**	**4,350.3**	**59%**	**3,119.0**	**3,047.7**	**64%**
Non-life	801.6	795.5	797.0	11%	560.1	575.9	12%
Life	3,308.5	3,182.9	3.553.3	48%	2,558.9	2,471.8	52%
Germany	**799.3**	**810.4**	**843.2**	**11%**	**474.1**	**498.5**	**11%**
Non-life	528.8	556.8	542.1	7%	343.5	352.4	8%
Life	270.5	253.6	301.1	4%	130.6	146.1	3%
Austria	**289.8**	**298.3**	**321.2**	**5%**	**161.4**	**167.4**	**4%**
Non-life	184.5	184.6	191.4	3%	104.6	103.7	2%
Life	105.3	113.7	129.8	2%	56.8	63.7	2%

Italy	**962.1**	**1,012.0**	**917.4**	**12%**	**471.0**	**523.7**	**11%**
Non-life	518.5	486.4	484.3	6%	251.7	254.4	5%
Life	443.6	525.6	433.1	6%	219.3	269.3	6%
France (Non-life)	**101.6**	**112.9**	**261.1**	4%	**173.0**	**182.1**	4%
Spain	**427.5**	**401.8**	**405.2**	**6%**	**212.2**	**210.6**	**4%**
Non-life	296.8	276.2	275.0	4%	152.4	152.9	3%
Life	130.7	125.6	130.2	2%	59.8	57.7	1%
Active reinsurance	**220.5**	**214.9**	**194.8**	**3%**	**92.4**	**103.8**	**2%**

Switzerland

The business unit Switzerland offers a wide range of non-life and life insurance, including long-term savings products through Helvetia Schweizerische Versicherungsgesellschaft AG (**Helvetia Versicherungen**) and Helvetia Schweizerische Lebensgesellschaft. As per December 31, 2013, the Swiss business unit employed 2,487 FTEs, including group / corporate divisions.

Lines of business and market position

Life

Helvetia is active in individual and group life business.

<u>Individual Life</u>

In the individual life business, Helvetia offers a full range of products. Individual life products consist of products covering mortality, longevity and disability risks. Such products are often combined with savings elements. Premiums can take the form of periodic or single premiums; benefits typically are paid as regular annuities, a lump sum or a combination thereof.

Helvetia sees a strong need for products with guarantees, which at the same time have high flexibility and participation in returns. Helvetia's product portfolio in individual life business therefore includes appropriate traditional products such as risk insurance and traditional savings, financial and pension solutions.. Helvetia also provides investment-linked products and other modern insurance solutions which target on participation in returns and most of which have dynamic, individual guarantee concepts. The guarantees included in the traditional products are largely provided by Helvetia directly, the guarantees in other insurance solutions are partially assumed by third-party providers. Financial products with no or insufficient insurance risk to be classified as insurance products are managed in the form of deposits for policyholders.

In 2013, Helvetia showed a good growth in individual life business. In line with the Helvetia strategy 2015+, the Swiss unit also focuses on the sale of capital-efficient modern products in the past year. The index-linked and unit-linked premiums have risen by almost 50% year-on-year. This trend continued in the first half of 2014.

<u>Group Life</u>

In the group life business Helvetia has become the third largest provider of BVG insurance solutions. The company primarily focuses on the so called full insurance model. In this context, Helvetia assumes the complete administration of occupational pensions for its customers and provides the full cover required by legislation. Helvetia also provides BVG products which do not cover all risks and which are typically offered to semi-autonomous and autonomous pension funds. Swisscanto is an example of such a pension fund that is insured with Helvetia. Under the terms of the contract with Swisscanto, Helvetia is responsible for the administration of the contracts and the reinsurance of mortality and disability risks, and the Swiss Cantonal Banks, the owners of the pension fund, organize the distribution of the products, manage the assets and are responsible for the pension liabilities.

For the majority of the BVG products there is no guaranteed rate for the risk premiums for mortality and disability or for the cost premiums. These premiums may therefore be adjusted annually by Helvetia. Upon the occurrence of an insured event, the resulting benefits are guaranteed up to the agreed expiry date or for life. Interest is credited annually on the savings premiums; where the interest rate for the mandatory savings component is established by the Federal Council. This mandatory rate was 2.0 % from 2009 to 2011, reduced to 1.5 % for 2012 and 2013 and increased to 1.75% for 2014. Helvetia can set the rate for the non-mandatory savings component. The interest rate set by Helvetia Group for the non-mandatory component was also 2.0 % in 2009 and 2010, lowered to 1.5% for 2011and further reduced in 2012 to 1.0 %. For 2014, this rate was raised to 1.25 %.

When policyholders reach retirement age they may choose to have the retirement capital paid out as a lump sum or converted into a pension. The conversion of the mandatory savings component is carried out at the government-mandated BVG conversion rate, while the conversion rate on the extra-mandatory savings component is determined by Helvetia. After conversion, the pensions and any resulting survivors' benefits are guaranteed for life. Statutory regulations stipulate for the majority of products that a minimum of 90% of revenue must be used for the benefit of the customer. For example, a portion of the capital gains above the guaranteed minimum interest rate must be returned to the customer in the form of policyholder dividends. For most products for which this statutory provision does not apply there are similar provisions in the contractual agreements with customers.

In 2013, Helvetia showed a strong growth in group life business, with a sound 5.1% increase in regular premium volume followed by a 6.6% increase in the first half of 2014. In contrast, single group life portfolio can be of very volatile nature and therefore could fluctuate from period to period. Nevertheless, the demand for full insurance solutions in occupational pension schemes remained strong.

Non-life

Helvetia Schweizerische Versicherungsgesellschaft AG, the Swiss company operating the non-life business, offers the following products:

- For private customers: household and personal effects, personal liability and buildings as well as insurance for valuables. Based on 2013 gross written premiums in Switzerland, business with private customers accounted for 31.1 % of the non-life portfolio.
- Commercial customers account for 32.8% of the Swiss non-life portfolio. The majority of the insurance contracted with commercial customers is property insurance. The volume of liability insurance is low. Helvetia is pursuing a niche policy in technical, marine and transport and guarantee insurance.
- Motor vehicle insurance, in which Helvetia focuses on vehicles of private individuals, accounts for 36.1% of the non-life portfolio.

The non-life portfolio split based on gross written premiums at the end of 2013 was as follows: 47% property, 36% motor vehicle, 14% liability and 3% transport. In the first half of 2014, the respective figures were 42%, 42%, 13%, and 3 %.

Over the past years, the non-life business benefited from a favourable portfolio structure and a cautious underwriting policy. While 2013 business levelled with 2012 volume, the first half of 2014 showed a growth of 2.8%. The net combined ratio has positively developed to 84.7% in 2013 from 85.3% in 2012.

Strategy and customer segmentation

The business unit Switzerland focuses on the following objectives:

- Improve sustainable profits by increasing efficiency of operations;
- expand and defend market position by strengthening the multi-channel concept, increasing cross-selling with focus on SME's and emphasizing younger client concepts;
- further boost of multi-channelling approach with focus on online business;
- strengthen customer loyalty; and
- optimize capital allocation

Distribution

The Swiss unit mainly distributes its products through its own sales department with 765 salesmen/tied agents in 35 general agencies. In addition, there are co-operations with leading brokers in place, especially for commercial clients.

Italy

The Italian unit consists of the "Direktion für Italien" (individual and commercial non-life business), a branch of Helvetia Versicherungen, the subsidiaries Helvetia Vita and Chiara Vita. (life business), and the non-life entities Helvetia Italia Assicurazioni S.p.A., ASPA s.r.l, and Chiara Assicurazioni in which Helvetia has a 53% stake. As per December 31, 2013, the Italian business unit employed 483 FTEs.

Lines of business and market position

Based on business volume, Italy is the largest foreign business unit of the group with premiums of CHF 1,079.9 million in 2013, with life insurance representing 55% of the volume. The unit is predominantly active in northern and central Italy.

The two life companies together provide a full product range that covers risk as well as savings and annuity products for individuals and groups. Life insurance policies, where the financial risk is borne by policyholders are managed in the form of deposits for policyholders.

On the distribution side Helvetia has a long-term sales agreement with Banco di Desio which provides Helvetia access to the important banking distribution channel. In 2013, individual life products represented 96% of life business volume. The business volume decreased in 2013 compared to 2012 as Helvetia has geared its product portfolio towards improving profitability. In the first half of 2014 growth momentum picked up with 12% increase compared to the prior year period. As a result of the subdued capital markets, traditional life insurance products represent the main growth driver for the Italian life market but also for Helvetia. Despite this, Helvetia has a long experience and tradition in developing modern and non-traditional products. Helvetia was able to successfully launch several tranche products in Italy and is continuing in doing so.

The Helvetia Italy non-life business is dominated by motor vehicle (55%), property (18%), accident and health (17%) and complemented by liability (9%) and transport business based on 2013 gross written premiums, with no major shift in the first half of 2014.

2013 continued to be a difficult non-life market environment, where Helvetia maintained its focus on profitable underwriting rather than on volume. In the first half of 2014, Helvetia was seeing the first rays of hope for economic recovery leading to a moderate growth of 1.2% after growth opportunities having been marked by recession. Besides improved market conditions, growth benefitted also by the acquisition effect of Chiara Assicurazioni, where Helvetia acquired a 51% stake with closing of the transaction in April 2013. Therefore, the company was fully consolidated in the first half of 2014 against 2 months in the first half of 2013. In August 2014, the stake in Chiara Assicurazioni S.p.A. has been increased to 53%.

The net combined ratio for the Italian business unit stood at 98.8% in 2013 after 98.7% in 2012.

Strategy and customer segmentation

The unit is active as an insurer and service provider with know-how for demanding and service-oriented clients and agents or brokers, mainly in the private and commercial market segment. The unit seeks to accomplish the following objectives:

- Ensure sustainable profitability;
- concentrate on profitable business from mid-sized provincial towns in northern and central Italy;
- strive for a balanced portfolio structure;
- increase continuously distribution reach through agencies, brokers and banks;
- streamline organizational structures; and
- implement stepwise a "modern" product mix in life.

Distribution

Using the multi-channelling approach, the Italian companies sell life and non-life products through more than 400 non-exclusive agents (so called 'pluri-mandatari'), bank partners and exclusively through Insurance Corners in the premises of its cooperation partners such as ENI Group. Following the acquisition of a majority stake in Chiara Assicurazioni, Helvetia has also access to a banking distribution network with more than 1,000 branches for its non-life business.

Germany

The German business unit consists of the "*Direktion für Deutschland*" (individual and commercial non-life business), which is a branch of Helvetia Versicherungen, and two subsidiaries, Helvetia Leben (life business) and Helvetia International (industrial non-life business). Per year-end 2013, the German business unit employed 769 FTEs.

Lines of business and market position

Germany is the second largest foreign business unit of the group measured by gross written premiums. Those stood at CHF 843.2 million in 2013 with 64% attributable to non-life. The business unit Germany is active throughout Germany with a particular focus on southern and western Germany and ranks among the medium-sized insurance companies.

Life business provides individual life insurance only, where the whole range of products – risk protection and long-term savings products, insurance policies with cover for mortality and disability, and modern investment-linked products – is offered. The German unit is focusing on the distribution of modern, more capital efficient products, for example investment-linked products, which recorded a pleasing growth thanks to successful marketing as a consequence of good acceptance by brokers in 2013 as well as in the first half of 2014.

In 2013, the split of non-life gross written premiums by line of business was as follows: 50% (H1 2014: 49%) property, 22% (H1 2014: 27%) motor vehicle, 11% (H1 2014: 8%) transport, 11% (H1 2014: 11%) liability and 6% (H1 2014: 5%) accident/health insurance. The German unit has undergone a significant portfolio restructuring from 2011 to 2013. A number of major business relationships producing high loss ratios have been terminated with respective impact on top line growth but more importantly on profitability As such, the claims ratio (claims over premiums) improved in 2013 to 65.9% from 67.1% in 2012. In the first half of 2014 the non-life business top line started to re-grow by 3.4%.

Strategy and customer segmentation

The unit is active as an insurer and service provider with know-how for demanding and service-oriented clients. Focusing on the segment of individuals and small and medium-sized enterprises, the unit aims to achieve the following objectives:

- Ensuring sufficient profit levels in non-life business;
- concentration on personal lines business in wealthy areas of southern and western Germany;
- improve sustainability of profits by increasing process efficiency, continued portfolio restructuring in nonlife and higher weight on distribution of investment-linked business in life; and
- in industrial insurance, the focus is on selective accounts where adequate premium levels can be achieved.

Distribution

Independent brokers and tied agents reflect the predominant sales channels of Helvetia in Germany, where brokers account for almost two thirds of new business. The brokers are supported on site by eight branch offices throughout Germany. To support client loyalty, Helvetia has implemented a professional and central claims service at the Frankfurt head office for streamlined and rapid claims handling.

Spain

Helvetia offers its customers in Spain a diverse range of life and non-life insurance products. As per December 31, 2013, the Spanish business unit employed 513 FTEs.

Lines of business and market position

In 2013 Helvetia Spain generated CHF 405.2 million gross written premiums, of which 68% were contributed by non-life business.

Life business consists of individual life (2013: 59 % of gross written premiums) offering the whole range of products from risk protection and long-term savings products and insurance policies with cover for mortality and disability to modern investment-linked products. This is complemented by group life business (2013: 41%) which predominantly consists of funeral expense (burial) insurances. In the life business, the business unit was able to continue to grow against the negative market trend in 2013, with continued good demand for burial insurance being the main driver complemented by modern investment-linked insurance solutions. As a result of the low interest rate environment, business volume decreased in the first half of 2014 compared to the previous year, where the continued positive premium momentum in burial insurance could not compensate for the decline in traditional products. To balance this, Helvetia aims to launch a tranche product in the second half of 2014 subject to market conditions.

In 2013, the proportion of non-life gross written premiums by line of business was as follows: 43% property, 39%

motor vehicle, 7% liability, 6% accident/health and 5% transport insurance, with no major change in split observed as per half year 2014. The Spanish non-life market was heavily affected by the difficult recessionary market environment in 2012 and 2013. In line with the market Helvetia had to report a declining non-life business but could return to a moderate growth in the first half of 2014 despite a still challenging economic environment.

Strategy and customer segmentation

The unit is active as an insurer and service provider with know-how for demanding and service-oriented customers and agents/brokers, in particular in the segment of private and commercial market. The unit has the following objectives:

- Increase profitability in new life business by focusing on pure risk, modern investment-linked and burial insurance products;
- further industrialization of business processes to ensure a favourable long-term cost level;
- selectively strengthening presence in certain regions; and
- boost multi-channelling approach.

Distribution

Helvetia also applies the multi-channelling approach in Spain, with intermediaries such as brokers or tied agents dominating the distribution. Helvetia has business throughout Spain, with core regions being Andalusia and Navarre. Prospectively, Helvetia wants to further expand the core regions to Catalonia, the Basque region and the metropolitan area of Madrid.

Austria

The Austrian business unit consists of Helvetia Versicherungen AG (life and non-life business) and the "Direktion für Österreich" (non-life marine and transport business) and. At the year-end 2013, the Austrian business unit employed 640 FTEs.

Lines of business and market position

The business unit reported CHF 321.2 million gross premiums in 2013, split into 60 % non-life and 40% life insurance. The unit is active in the entire Austrian market.

The life business provides only individual life, with, in line with the other business units the whole range of products from risk protection and long-term savings products and insurance policies with cover for mortality and disability to modern investment-linked products. In 2013 the Austrian unit showed a pleasing premium growth while the whole market was still slightly decreasing. This trend continued in the first half of 2014 again driven by the sale of investment-linked insurance products.

The Austrian non-life portfolio based on gross written premiums in 2013 was as follows: 37% (H1 2014: 36%) property, 39% (H1 2014: 40%) motor vehicle, 12% (H1 2014: 12%) liability, 9% (H1 2014: 8%) accident/health insurance and 3% (H1 2014: 4%) transport. The net combined ratio improved to 99.7% in 2013 after 103.5% in 2012.

On May 15, 2014, Helvetia Group announced the purchase of Basler Versicherungs-Aktiengesellschaft in Oesterreich, a subsidiary of Bâloise Group. The Vienna-based company generated premium volume of EUR 135.3 million in 2013, divided into EUR 105.5 million non-life and EUR 29.8 million life business. The transaction was concluded on August, 28 2014. The completion of the transaction increases Helvetia's volume in Austria by more than 50% with Helvetia now being one of the top 10 insurance companies in Austria. The takeover of Basler Austria extends Helvetia's advisory network in both the strong exclusive sales and in agency and broker sales. By merging centralised services efficiency gains are expected as well as an improvement of procedures and processes throughout the Austrian business unit.

Strategy and customer segmentation

The unit operates as an insurer and service provider with know-how for demanding and service-oriented customers and agents/brokers, in particular in the segment of private and commercial market. The strategy is as follows:

- Defend and further strengthen expanded market position after the acquisition of Basler Austria by focusing on customer retention during integration, maintaining focus on expanding distribution channels (brokers, networks) and continue to expand the transport business; and

- fast and smooth integration of Basler Austria.

Distribution

New business is primarily generated by own sales forces, with around 400 sales people, and independent intermediaries which to a large extent work exclusively for Helvetia. In addition, the 'banking and partnerships' sales channel was also established at the beginning of 2012 and a further strengthening of the exclusive sales and agency and broker distribution is achieved by the acquisition of Basler Austria.

France

The "*Direktion für Frankreich*" is a branch of Helvetia Versicherungen. Helvetia has been successfully focusing on marine and transport insurance through its French branch office for more than 20 years. In 2009 Helvetia acquired L'Européenne d'Assurance Transport (CEAT), which has been renamed to Helvetia Assurance SA. A further opportunity arose in 2012 when Helvetia acquired the French marine and transport insurance portfolio of Gan Eurocourtage, a subsidiary of Groupama SA. Now, Helvetia Group is the number two in the French transport insurance business providing insurance covers for damage to goods, road haulier's liability and damage to vehicles. This is further complemented by hull insurance products typical in marine insurance ranging from commercial ships, fishing vessels, river vessels, yachts and ports. Whilst support functions are shared between two central hubs in Paris and Le Havre, the business is offered through these hubs and five regional branches.

Line of business and market position

The French business unit is specializing in marine and transport business with gross written premiums in the amount of CHF 261.1 million in 2013. The business consists of cargo and forwarders liability (about 50 % each). The net combined ratio was 98.8% in 2013 after 94.2% in 2012. In 2013 the net combined ratio was impacted by large losses and adjustments to prior-year claims. Furthermore, cost synergies following the acquisition of the Gan Eurocourtage portfolio had not yet been realised to their full extent.

Strategy and customer segmentation

The business unit's objectives are:

- Focusing on profitable small and medium customers (industrial and commercial companies); and
- maintaining high standards in quality and service.

Distribution

In 2013, the network of brokers generated 90% of the premiums. The remaining premiums were generated mainly through a partnership with Groupama giving Helvetia access to the Marine and Transport business produced by Groupama Caisses Regionales as well as by Gan Eurocourtage agents network and also through Yacht insurance cooperation with a yacht leasing specialised subsidiary of Société Générale.

Active reinsurance

Types and lines of business

Helvetia Group has an established yet small active reinsurance portfolio underwritten by a branch of Helvetia Versicherungen.

All classes and types of proportional and non-proportional non-life treaty business are reinsured. The portfolio consists of property, casualty and specialty lines and is predominantly short tail business. Facultative risks and life reinsurance are not in the focus of the underwriting strategy. As a risk-containing measure and independent of profitability, the volume of the active reinsurance department is limited. In 2013, the gross written premiums in percentage by the major lines of business were as follows: property 59%, engineering 10%, casualty 8%, motor 8%, marine 7% and others 8%.

Strategy

Helvetia acts as a following reinsurer only. The active reinsurance unit provides technical, accounting and actuarial expertise to its clients. The unit focuses on a good diversification and on those markets and lines of business where the best opportunities to generate profitable business are expected. This opportunistic approach facilitates rapid response to changes in market conditions. A strict risk and exposure control and specific rules and guidelines are implemented. Pricing and reserving is performed by a specialized actuarial unit.

Distribution

The active reinsurance business is carried out directly and through brokers. Geographically, the accounts emanate predominantly from the OECD countries. The marketing executives and specialty underwriters are responsible for fostering good client relationships, thereby contributing to the quality of the portfolio.

Risk management and investment policy

Helvetia Group is exposed to different types of risks. The Group has established a risk management organization with the purpose of efficiently managing financial and other risks.

Risk management organisation

Given the continuing challenging economic environment, a comprehensive risk management function is a top priority and is integral to the way Helvetia Group manages its business. One of the primary objectives of risk management is the sustained safeguarding of the capital base as well as the reputation of Helvetia Group and its businesses.

The organisational structure of Helvetia Group ensures a standardised application of the group wide risk management standard. In doing so, roles and responsibilities in the business units comply with the risk management organisation of the group. This is based on a governance model that differentiates between the three basic roles of risk owner, risk observer and risk taker. The supreme risk owner is the Board (particularly the Investment and Risk Committee, Audit Committee and the Strategy and Governance Committee) as well as the executive management of Helvetia Group (the **Executive Management**). As the central bodies responsible for this function, they bear the ultimate responsibility for risk and define the risk strategy and the risk appetite for the group. Various risk observers assess the risks entered into by Helvetia Group irrespective of an operational responsibility. The Risk Committee coordinates the collaboration between the risk observers and the risk takers and advises the Board and Executive Management in their decisions. The central risk controlling role “Risk & Capital Management” is responsible for the growth and development of the risk management system as well as for monitoring risks and controlling measures, and serves as a competence centre for the group’s risk management. It is supported by specialised risk controlling functions, such as the group actuarial office and asset management. The internal auditor independently monitors the efficiency of the risk management system. The risk takers control and manage risks in an operational context. They are responsible for risk management in the different business areas and processes.

Risk management organisation

Risk management processes and risk environment

The key components of Helvetia Group risk management process include the identification, analysis and management of risks, the monitoring of the success, effectiveness and appropriateness of the risk management measures, and reporting and communication. The risk management process ensures that sufficient risk-bearing capital is available at any time to cover the risks assumed in accordance with the chosen risk tolerance. The numerous risks to which Helvetia Group is exposed in its business activities are included in the risk management process of the group. Market risks arise, in particular, from interest rate changes, fluctuations in share prices, real estate prices, or exchange rates which influence the value of the group's investments. Liquidity risk generally refers to the risk of being unable to provide an unexpected cash outflow in a timely manner. Counterparty or credit risk is the risk of a contractual counterparty being unable to pay or of a change in the counterparty's creditworthiness. The insurance technical risks of life and nonlife belong to the traditional risks of an insurance company and are consciously entered into as part of the chosen business strategy. Operational risk represents the risk of losses due to errors or the failure of internal processes, employees or systems, or as a result of external events whereby operational risks are taken also into consideration. Strategic risks include the risk of not achieving business targets due to the inadequate alignment of a company's business activities on the market and in the market environment. Emerging risks are risks that have not yet been realised as actual risks, but are already in existence and have a high potential for large claims.

Methods for risk analysis and control

The diverse risk environment requires the use of differing methods of risk analysis. Helvetia Group uses the Swiss Solvency Test as a primary instrument for analysing and quantifying market, counterparty and technical risks. The company uses internal models here, including for the areas of market risk and technical risk. Risks are controlled and limited by means of hedging instruments, specific product design, reinsurance protection, limit systems (including exposure control and loss limits), diversification strategies, process optimisations and other measures.

Asset and Liability Management (ALM) - Process & methodologies

Helvetia Group pursues a sustainable investment policy tailored to the liabilities arising from the insurance business. The objective is to generate attractive medium- and long-term returns for the shareholders and to make a reliable contribution to the group result. The investment strategy of Helvetia is based on a time-tested asset liability concept. First, a strategic asset allocation for each business unit is derived on the basis of a careful analysis of the liabilities. This satisfies the high security requirements of the insurance business while at the same time meeting the requirements for returns of each of the individual stakeholder groups. Moreover, the asset liability management ensures that there is always enough capital available for the ongoing strategic development of the Group and that the increasing regulatory requirements are taken into consideration. In doing so, the regulatory solvency requirements must be fulfilled at all times. The introduction of the Swiss Solvency Test made it possible to gradually and noticeably extend the duration of the fixed-income products in the life business. Due to the long maturities of the assets, the period of very low interest rates is only gradually having an effect on direct returns. At the same time, the reduction in the guaranteed interest rates included in life insurance policies also helps balancing out this effect.

Broadly diversified investment portfolio

The Helvetia investment portfolio is broadly diversified. The balanced distribution of the portfolio applies both between and within the individual asset classes. In order to avoid cluster risks, absolute exposure limits apply to the individual counterparties, depending on their creditworthiness. Moreover, Helvetia places high demands on the quality of the counterparties. At the end of the year, around 75 % of the bond portfolio had at least an AA rating. In addition, the proportion of government securities and collateralised bonds is above average at around 75.7 %.

Helvetia generates attractive investment income for the customers and shareholders while controlling investment risk through the prudent combination of low risk assets, such as high-quality bonds and mortgages, which make up almost 70 % of the portfolio, and instruments with higher returns such as real estate and shares. The interest income gained from bonds, mortgages and real estate ensures the sustained stability of the investment income, while the valuation gains from the equity exposure create interesting medium-term potential for returns. Helvetia’s high-quality property portfolio is an excellent fit with the liabilities from the insurance business, not only because of the long-term stable and attractive rental income, but also due to the stable values of the assets.

Prudent investment strategy and timely risk management

The investment strategy is defined in detail and implemented as part of the annual adaptation of the investment approach. Adjustments are made to take advantage of new opportunities arising from short-term market developments, while remaining within the tactical bandwidths established by the management. The investment strategy is always supported by timely risk management. The objective of the risk-controlling measures is to protect the balance sheet and the income statement from excessive losses in value. This applies to exposures in foreign currencies and shares, whereby – depending on market developments – particular use is made of options and futures to hedge risks; in addition, counterparty risks are subjected to ongoing analysis and control using various criteria such as ratings, credit quality, and the development of interest spreads. To avoid cluster risks, Helvetia also applies graded upper limits based on debtor quality. Investment strategy and risk management are designed to ensure the group’s long-term solvency and to optimise the impact of volatile markets on the annual result.

Employees

Overview

At the end of 2013, Helvetia Group had 5,204 FTEs. With the exception of Switzerland and Austria, Helvetia's sales forces are largely not employed by group companies and thus not included in the above-stated number of employees.

Headcounts[1]	As at December 31,			As at June 30,
	2011	2012	2013	2014
COUNTRY				
Switzerland[2]	2,477	2,500	2,487	2,508
Germany	750	765	769	762
Austria	628	448	483	630
Spain	523	526	513	525
Italy	427	644	640	475
France	104	322	312	300
Group total	**4,909**	**5,215**	**5,204**	**5,200**

[1] The information is based on regular employees with permanent employment contracts.
[2] Numbers include group head office and active reinsurance FTEs.

Share purchase plan

The Helvetia employee share purchase plan enables employees to acquire Shares. With this plan, employees can directly and voluntarily participate in the value created by Helvetia Group at preferential conditions. All employees of Helvetia Group in Switzerland are eligible if they are in regular employment and entitled to variable compensation. The number of available Shares is determined by the Board, taking into account the functions of the employees concerned. Such employee Shares are subject to a vesting period of three years.

Information technology

The Helvetia Group's IT activities are governed by the group function Corporate IT, which lays out the strategy and targeted IT architecture. While Helvetia's business units are in general responsible for the functioning of the local IT, they have to follow the Corporate IT governance. This provides efficiency through usages of common platforms and services, and reduces risks the single business units were exposed to if they were to develop and maintain IT systems completely by themselves.

Intellectual Property

The main trademark "Helvetia" is registered in Switzerland and in the European Union (European Community Trademark under the Madrid System).

Material contracts

Helvetia Versicherungen and Helvetia Lebensversicherung AG cooperate with third parties mainly in respect of product distribution and development (see below). These co-operations are periodically reviewed and, if value may be created, Helvetia aims at deepening the respective business relationships. Helvetia Group is also assessing the benefits of additional distribution channels through strategic alliances with other financial service providers. Therefore, Helvetia Group does not exclude the announcement of new co-operations in the near future.

As at the date of this Prospectus, other than in the ordinary course of business or save as disclosed elsewhere in this document (see, e.g., "Description of the Shares – Major Shareholders"), members of Helvetia Group have entered into the following contracts that are, or may be, material in the context of the group as a whole:

- In January 1996, Bank Vontobel and Helvetia Versicherungen entered into a strategic partnership, which still exists.
- In 1999, Helvetia Versicherungen entered into a strategic partnership with the Swiss Raiffeisen Banks (Raiffeisen) which still exists.
- In Switzerland, Helvetia does not underwrite health- and accident insurances for its own account. In 1989, for purposes of being able to offer the entire spectrum of insurance products, Helvetia Group has entered into a

partnership with Helsana Insurances (**Helsana**). Helsana, the largest health insurance company in Switzerland, is the group's provider for health- and accident insurance products. The Helvetia sales force offers such products primarily for the corporate clients.

- Swisscanto is the result of a partnership formed between Helvetia Leben and the Cantonal Banks in 1973 in which insurance know-how on the one hand and focused distribution of BVG products as well as a professional asset management on the other hand are combined.
- As at July 1, 2004, Helvetia Versicherungen acquired a share of 7.5 % in the Swiss legal protection insurer Coop Rechtsschutz. Other major shareholders are Nationale Suisse (42 %), Trade Unions (41 %) and Helsana (7.5 %). The participation in Coop Rechtsschutz supports and strengthens a long term cooperation for the distribution of legal protection products by Helvetia Group.
- Helvetia is holding a minority stake of 24% in Prevo-System AG, Basel (**Prevo**). Prevo, a jointly owned subsidiary of msg systems ag, Munich, Baloise Life Ltd, Basel, and Helvetia, is developing software for insurance companies. Prevo's core product is the software solution PAKT ("Personen Applikation Kollektiv"). The capacity of PAKT covers the administration of contracts in the group life business, the actuarial practice (tariff system) as well as central components such as business transaction controlling. Prevo's products are used by Helvetia, Baloise and Zurich.

Acquisitions and investments

In the period from 2011 until the date of the Prospectus, the Helvetia Group made the following material acquisitions:

- In 2012, Helvetia Group purchased the French transport insurance business of GAN Eurocourtage, Le Havre, a subsidiary of Groupama S.A.
- In 2012, Helvetia Group acquired the Swiss-based life insurance company SEV Versicherungen Genossenschaft.
- In 2013, Helvetia Group increased its share in the Italy-based life insurance subsidiary Chiara Vita S.p.A. from 70% to 100%.
- In 2013, Helvetia Group also acquired a 51% stake in the Italy-based non-life insurer Chiara Assicurazioni S.p.A. with further increase to 53% in 2014.
- In 2014, Helvetia Group acquired the Austrian-based composite insurer Basler Versicherungs-Aktiengesellschaft in Oesterreich, a subsidiary of the Baloise Group.

Other than as set forth in this Prospectus, Helvetia has not planned and has not made any commitments or entered into any binding agreements for any material investments other than for investments in the normal course of Helvetia Group's business.

Legal disputes

Within their ordinary business operations – in their capacity as insurers, employers, investors and taxpayers – the companies of Helvetia Group are and will be involved as claimants or defendants in a number of court, administrative and other proceedings in Switzerland and abroad. While the ultimate outcome of these proceedings cannot be predicted with certainty, the Helvetia does not believe that any such proceeding in which it or any of its subsidiaries are currently involved will have a material adverse effect on the results of the operations or the financial position or reputation of Helvetia Group.

Main locations of Helvetia Group

Helvetia Group's headquarters are in St. Gallen at Dufourstrasse 40.

As at September 30, 2014, the principal operating properties and offices of Helvetia Group, all owned by the group, were as follows:

Location	Type of facility/use
St. Gallen, Dufourstrasse 40	Offices
St. Gallen, Haus Washington	Offices
Basel, St. Alban-Anlage 26	Offices
Frankfurt, Berliner Strasse 55-56	Offices

Frankfurt, Weissadlergasse/Kl. Hirschgraben 10	Offices
Wien, Hoher Markt 10	Offices
Wien, Hoher Markt 12	Offices
Milan, Italia, Via G.B. Cassinis 21	Offices
Milan, Italia, Via G.B. Cassinis 21 ed.1-3	Offices
Milan, Italia, Via Boncompagni 62, pal 4	Offices
Madrid, Spain, Paseo Recoletos 6	Offices
Seville, Spain, Paseo de Colón 26-28	Offices
Courbevoie/Paris, France, rue Sainte Marie 2	Offices
Le Havre, France, Quai Lamandé 25	Offices

Interruption of business activities

Low exposure to political, technological, geographical or natural catastrophe hazards has resulted in Helvetia Group having avoided any material interruptions of their business activities to date.

Nevertheless, Helvetia Group and all its business units have adopted precautionary measures, such as geographically separated duplicate systems, in the event of the interruption of vital business functions due to natural disasters, catastrophic events and other events over which it has no control such as fire, earthquake, terrorist attacks, war, floods and epidemics. Should a material disruption occur, the group has set up disaster recovery plans that should minimize business interruption and IT systems failure. These plans are regularly evaluated. The Strategy and Governance Committee of the Board is empowered to take strategic decisions in time of crises should it not be possible to convene the full Board, additionally should key individuals be in anyway indisposed a comprehensive plan of deputizing has been developed with clear lines of communication to ensure adequate, consistent and reliable information internally and externally.

All of the measures taken are aimed to ensure minimal disruption to the business and service delivery in the event of a major threat to Helvetia Group's operations.

Share Capital and Description of the Shares

*Set out below is certain information concerning Helvetia's share capital and brief summaries of certain provisions of the articles of association of Helvetia (the **Articles**), the CO and other Swiss statutes relating to the Shares. This description does not purport to be complete and is qualified in its entirety by reference to the Articles, the CO and such other statutes as in effect on the date of this Prospectus.*

Capital Structure

Issued Share Capital

Helvetia's share capital as of the date of this Prospectus is CHF 865,287.50. It is divided into 8,652,875 fully paid-in registered shares with a nominal value of CHF 0.10 each.

Conditional Share Capital

As of the date of this Prospectus, Helvetia has a conditional share capital in the aggregate amount of CHF 129,793.20. The share capital may be increased by the issuance of up to 1,297,932 registered shares with a nominal value of CHF 0.10 each, to be fully paid in, through the exercise of conversion and/or option rights granted in connection with bonds or similar financial instruments of the company or of one of its group companies issued on domestic or international capital markets, and/or through the exercise of option rights granted to shareholders.

Authorized Share Capital

Based on the authorized share capital, the Board is empowered to increase the share capital at any time up until September 17, 2016 by a maximum amount of CHF 130,000 by issuing no more than 1,300,000 shares to be fully paid in. Increases by means of a firm underwriting and increases in partial amounts are allowed. The issue price, the dividend entitlement date and the type of contribution shall be determined by the Board. The new shares may be paid in out of reserves, out of capital contributions, or by the conversion of readily available equity. The subscription to and the acquisition of the new shares as well as each ensuing transfer shall be subject to the restrictions on transfers and voting rights pursuant to art. 8 and 14 of the Articles. The new shares may only be used for (a) the Offer, (b) a possible cancellation pursuant to art. 33 of the Swiss Federal Stock Exchange Act (**SESTA**), (c) a possible merger of Nationale Suisse with Helvetia or one of its group companies and/or (d) financing or refinancing of the Offer, a cancellation pursuant to art. 33 SESTA or a merger through placements on domestic or international capital markets (including private placements with selected investors). For such purposes, the Board is entitled to exclude the subscription right of Helvetia shareholders and to assign this right to third parties, Helvetia and/or its group companies.

Description of the Shares

The Shares

The Shares are registered shares with a nominal value of CHF 0.10 each and are fully paid in. Each Share carries one vote at a shareholders' meeting. The Shares rank *pari passu* in all respects with each other, including, in respect of entitlements to dividends, to a share in the liquidation proceeds in the case of a liquidation of Helvetia and to pre-emptive rights. Helvetia may convert its registered shares from one form into another form at any time and without the approval of the shareholders. Following its registration in the share register a shareholder may at any time request from Helvetia a written confirmation in respect of its Shares. Shareholders are not entitled, however, to request the printing and delivery of certificates. Helvetia may issue its Shares in form of certificates (whether for single or for multiple Shares or global certificates) or in form of uncertificated securities. Intermediated securities (*Bucheffekten,* within the meaning of the FISA) based on registered shares of the Company cannot be transferred by way of assignment. A security interest in any such intermediated security also cannot be granted by way of assignment.

Transfer of Shares, restrictions

Voting rights may be exercised only after a shareholder has been registered in Helvetia's share register (*Aktienbuch*) as a shareholder with voting rights. This is the case if the purchaser discloses its name, citizenship or registered office and address and gives a declaration that it has acquired the Shares in its own name and for its own account.

Each Share is entitled to one vote at Helvetia’s shareholders’ meeting. The Board may refuse to consent to registration of a shareholder with voting rights in the share register if (i) a single person were to hold over 5% of the voting rights of the total share capital registered in the commercial register; (ii) such registration could prevent the company from providing the evidence required by federal law regarding shareholder composition; (iii) an acquirer provides false information in the registration request. The transfer of larger stakes of Shares may further depend on the approval of the competent insurance supervisory authorities in those countries in which Helvetia has one or more insurance subsidiaries.

Shareholders' meetings

Under Swiss law, an annual shareholders' meeting must be held within six months after the end of a company's preceding fiscal year. Shareholders' meetings may be convened by the Board or, if necessary, by the auditors. The Board is further required to convene an extraordinary shareholders' meeting if resolved at a shareholders' meeting or requested in writing by shareholders with voting rights representing in aggregate at least 10% of the company's share capital. A shareholders' meeting is convened by publishing a notice of such meeting in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). Helvetia will send an invitation by mail to shareholders entered in the share register at least 20 days prior to the date of such meeting.

The Articles do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting. The approval by the relative majority (*relative Mehrheit*) of the votes cast at the shareholders' meeting is required for passing a shareholders resolution and carrying out election, except for resolutions pursuant to Arrticle 704 para. 1 CO, any change to the Articles, the removal of more than one member of the Board and the liquidation of the company, which require the approval of the shareholders holding at least two-thirds of the votes represented. Special quorum rules apply by law to a merger (*Fusion*), de-merger (*Spaltung*) or conversion (*Umwandlung*) of a company.

Shareholders, who, alone or together, hold shares with a par value of at least CHF 2,000, may request that items be included on the agenda. Such request must be made in writing to Helvetia at least 45 days prior to the general meeting, stating the items to be discussed and the motions of the shareholders.

At shareholders' meetings, shareholders may only be represented by its legal representative, another representative who does not need to be a shareholder or the independent shareholder representative (*unabhängiger Stimmrechtsvertreter*).

Votes are taken openly unless shareholders' meeting resolves to have a secret ballot or the chairman of the shareholders' meeting resolves to have a ballot by electronic means or secret ballot.

Shareholders' inspection rights

A shareholder may, upon application to Helvetia, inspect the minutes of the shareholders' meetings. In accordance with Swiss law, Helvetia makes the annual report and the auditors' report available for inspection by shareholders at its registered address at least 20 days prior to each ordinary shareholder's meeting. Any shareholder may request a copy of these reports in advance of or after the ordinary shareholders' meeting. In addition, at a shareholders' meeting, a shareholder may request information from the Board concerning the business and operations of Helvetia and may request information from the auditors concerning the performance and results of their examination of the financial statements. Helvetia may refuse to provide that information to a shareholder if, in its opinion, the disclosure of the requested information would reveal confidential business secrets or infringe other protected interests of Helvetia.

Shareholders' right to bring derivative actions

Under the CO, an individual shareholder may bring an action in the shareholder's own name for the benefit of the company against the company's directors, officers or liquidators, which seeks to allow the company to recover any damages it has incurred due to the intentional or negligent breach a duty by such directors, officers or liquidators.

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration, is subject to the prior approval of the shareholders at a shareholders' meeting. Shareholders have certain pre-emptive rights (*Bezugsrechte*) to subscribe for new issues of shares, warrants, convertible bonds, or similar debt instruments with option rights in proportion to the nominal amount of Shares held. A resolution adopted at a shareholders' meeting by a qualified majority of two-thirds of the votes represented and the absolute majority of the nominal value of the shares represented may repeal, limit or suspend pre-emptive rights in certain limited circumstances.

Participation Certificates and Profit Sharing Certificates

Helvetia has not issued any non-voting equity security, such as participation certificates (*Partizipationsscheine*) or profit sharing certificates (*Genussscheine*), nor has it issued any preference shares (*Vorzugsaktien*).

Cross-shareholdings

As of the date of this Prospectus, there are no cross-shareholdings of Helvetia that exceed 5% of the holding of capital or voting rights on both sides.

Bonds and Options

As of the date of this Prospectus, there are no outstanding convertible bonds or options issued by Helvetia on its securities.

On April 8, 2013, Helvetia issued a senior subordinated bond of CHF 150,000,000, which is due on April 8, 2019. The coupon amounts to 1.125%.

On November 3, 2010, Helvetia Versicherungen issued a perpetual subordinated bond of CHF 300,000,000 with the first call date on November 30, 2015. The coupon until the first call date amounts to 4.75%, thereafter it is based on the 3-month CHF Libor plus re-offer spread of 359.6 basis points.

Notices and information policy

Weblinks

The Company's website:

www.helvetia.com

E-mail distribution list (push system):

http://webservices.newsbox.ch/helvetia/registration/executable/add_person.php?isoGuiLanguage=de

Ad-hoc messages (pull system):

https://www.helvetia.com/corporate/content/de/media-relations/medienmitteilungen.html

Financial Reports:

https://www.helvetia.com/corporate/content/de/publikationen.html

Corporate calendar:

https://www.helvetia.com/corporate/content/de/investor-relations/ir-termine.html

According to the Articles, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*). Written communications by the company to its shareholders may be sent by ordinary mail to the last address of the shareholder entered in the share register of the company.

Any notices containing or announcing amendments or changes to the terms of this Prospectus will be announced through the electronic media. Notices will also be published in Swiss newspapers to the extent required by the Listing Rules.

Borrowing Powers

Neither Swiss law nor the Articles restrict in any way Helvetia's power to borrow and raise funds. The decision to borrow funds is made by or under direction of the Board, no shareholders' resolution being required.

Conflicts of Interest, Management Transactions

Swiss law does not have a general provision on conflicts of interest. However, the CO contains a provision which requires directors and senior management to safeguard the interests of a company and, in this connection, imposes a duty of loyalty and duty of care on its directors and officers. The directors and officers are personally liable to a company for breach of these provisions. Also, Swiss law contains a provision under which payments made to a shareholder or a director or any person associated with them other than at arm's length must be repaid to the company if such shareholder or director was acting in bad faith. In addition, pursuant to the CO, if, in connection with the conclusion of a contract, the company is represented by the person with whom it is concluding the contract, such contract has to be in writing. This requirement does not apply to contracts relating to daily business matters if the value of the company's performance under the contract does not exceed CHF 1,000.

The corporate governance directive of the SIX also addresses conflict of interest issues.

The Directive on Disclosure of Management Transactions of October 29, 2008 of the SIX (the **DMT**) entered into force on July 1, 2009 and has been revised as of April 1, 2011. It applies to issuers whose equity securities are listed on the SIX and whose registered office is in Switzerland. The DMT requires issuers to ensure that members of their board of directors and senior management disclose transactions they have made in the securities of their own company.

According to the DMT, the respective individual must disclose any such transaction to the issuer. The issuer must forward that information to the SIX. Helvetia therefore requires members of the Board and the Executive Management to disclose to Helvetia all transactions they have made in securities of Helvetia. As of April 1, 2011, all such transactions without threshold are subsequently published on a no name basis on the website of the SIX.

Own Shares and Repurchase of Shares

Swiss law limits the right of a company to purchase and hold its own shares. Helvetia and its subsidiaries may purchase Shares only if and to the extent that (i) Helvetia has freely distributable reserves in the amount of the purchase price; and (ii) the aggregate nominal value of all shares held by Helvetia does not exceed 10% of its share capital (20% in specific circumstances).

As of the date of this Prospectus, subsidiaries of Helvetia hold 45,276 treasury shares.

Shares held by Helvetia or its subsidiaries are not entitled to vote at shareholders' meetings, but are entitled to the economic benefits, including dividends, applicable to the Shares generally. Furthermore, under Swiss law, upon the purchase of Shares, Helvetia must create a special reserve on its balance sheet in the amount of the purchase price of the acquired shares. In addition, selective Share repurchases are only permitted under certain circumstances; in particular, repurchases of listed Shares are subject to certain restrictions promulgated by the Swiss Takeover Board (the regulatory body for takeover bids in Switzerland) under the Swiss Federal Stock Exchange Act and the implementing ordinances enacted thereunder. Within these limitations, as is customary for Swiss companies, Helvetia may purchase and sell its own Shares from time to time in order to meet imbalances of supply and demand, to provide liquidity, and to even out swings in the market price of the Shares.

Duration and Liquidation

The Articles do not limit Helvetia's duration. Under Swiss law, Helvetia may be dissolved at any time by a resolution of a shareholders' meeting which must be passed by a supermajority of votes. After all debts have been satisfied, the net proceeds will be distributed to shareholders in proportion to the paid-up nominal value of shares held.

Disclosure of Significant Shareholders

Under the applicable provisions of the SESTA, persons who directly, indirectly or in concert with other parties acquire or dispose of Shares or derivatives, including cash settled derivatives, and thereby, directly, indirectly or in concert with other parties reach, exceed or fall below a threshold of 3, 5, 10, 15, 20, 25, 33 1⁄3, 50 or 66 2⁄3% of Helvetia's voting rights (whether exercisable or not) must notify Helvetia and the SIX of such transactions or disposal in writing within four trading days, regardless of whether the voting rights can be exercised. Within two trading days of the receipt of such notification, Helvetia must inform the public. Shares and acquisition rights or obligations (the **Acquisition Positions**) and disposal rights or obligations (the **Disposal Positions**) may not be netted. Rather the Acquisition Positions and the Disposal Positions need to be accounted for separately and may each trigger disclosure obligations if the respective positions reach one of the thresholds. In addition, actual share ownership needs to be reported separately if it reaches one of the thresholds.

Under Swiss company law Helvetia must disclose in the annual report the identity of shareholders and shareholder groups acting in concert who hold more than 5% of the its voting rights. Such disclosure must be made once a year in the notes to the financial statements as published in the company's annual report.

Further, whoever intends to acquire a direct or indirect equity holding in a Swiss insurance company has to notify the FINMA if the holding in such company equals or exceeds 10, 20, 33 or 50% of the capital or the voting rights. The same is true if a shareholder reduces its shareholding below such thresholds. The FINMA may prohibit the acquisition or may impose conditions if the nature or the extent of the participation might endanger the insurance company or the interests of the insured.

Mandatory Bid Rules

Pursuant to the applicable provisions of SESTA, if a person acquires shares of a Swiss listed company, whether directly or indirectly or acting in concert with third parties, which, when added to the shares already held by such person, exceed the threshold of 33 1⁄3% of the voting rights (whether exercisable or not) of such company, that person must make a bid to acquire all of the listed shares of such a company. A company's articles of incorporation may either eliminate this provision of the SESTA or may raise the relevant threshold to 49% ("opting-out" or "opting-up" respectively). Helvetia's Articles contain an opting-up clause with a 40%-threshold.

There is no obligation to make a bid under the foregoing rules if the voting rights in question are acquired as a result of a gift, succession or partition of an estate, a transfer based upon matrimonial property law, or execution proceedings.

Cancellation of Remaining Equity Securities and Squeeze-out Merger

Under the SESTA, any offeror who has made a tender offer for the shares of a listed Swiss target company, and who, as a result of such offer, holds more than 98% of the voting rights of the target company, may petition the court to cancel the remaining equity securities. The petition must be filed against the target company within three months after the expiration of the offer period. The remaining shareholders may join in the proceedings. If the court orders cancellation of the remaining equity securities, the target company will reissue the equity securities and deliver such securities to the offeror against performance of this offer for the benefit of the holders of the cancelled equity securities.

Under the Swiss Federal Act on Mergers, Demergers, Conversions and Transfers or Assets and Liabilities (**MergA**), shareholders of the transferring company may be offered a settlement instead of shares in the surviving company if at least 90% of the shareholders of the transferring company who are entitled to vote give their consent.

Dividends and Dividend Policy

Dividend History

In the past five financial years, Helvetia has paid the following dividend per Share for the corresponding financial year:

Year	Dividend
2013:	CHF 17.50
2012:	CHF 17.00
2011:	CHF 16.00
2010:	CHF 16.00
2009:	CHF 14.50

Distribution Policy

The Board pursues an income-oriented, sustainable distribution policy that allows Helvetia to maintain its solid capital base. The aim is to pay out a stable proportion of profits ranging between 30 and 50%.

Helvetia has no direct operations other than the holding of investments and distributions are dependent upon the ability of Helvetia's investments to generate cash flows and then to distribute these cash flows to Helvetia in the form of dividends, interest, loan repayments, swap payments and returns of capital. Each of Helvetia's initial investments will be subject to the applicable laws of its respective jurisdiction, which will determine whether and how it may distribute cash to Helvetia. Distributions will only be paid to the extent that they are able to be funded by proceeds received from Helvetia's investments, provided that such distributions fulfill the requirements imposed by the applicable law.

The foregoing are statements of Helvetia's present intentions, which may be subject to modification (including the reduction or non-declaration of any distributions) in the sole and absolute discretion of the Board. The declaration of any future distributions will be subject to the decision of the shareholders' meeting. The form, frequency and amount of future distributions (if any) on the Shares as proposed by the Board to the shareholders' meeting will depend on Helvetia's earnings, financial position, results of operations, contractual restrictions, provisions of applicable law and other factors which the Board may deem relevant. A distribution by way of a reduction of the share capital will require a period of at least ten (10) to twelve (12) weeks from the date of the shareholders' meeting at which a resolution to reduce the nominal value per Share is passed until the date of payment. Helvetia will make distributions, if any, in CHF.

Legal Considerations

All Shares are equally entitled to dividends. The New Shares that will be allocated in the aftermath of the Offer for the purposes of the 100% control over Nationale Suisse will be entitled to dividends upon their registration in the commercial register, whereas the Exchange Shares will rank *pari passu* in right of dividends and other distributions with the Existing Shares upon their issuance.

Swiss law provides that dividends may only be paid if a company has either sufficient profits available for distribution or if pursuant to a company's statutory (non-consolidated) balance sheet sufficient distributable reserves have been created for this purpose. As long as the general reserves amount to less than 20 percent of a company's nominal share capital Swiss law requires at least 5 percent of the annual net profit to be retained as general reserves. Any net profits remaining after this retention and any further allocations required by Swiss law may be distributed as dividends, subject to approval by a company's shareholders at a shareholders' meeting, and a company's auditors confirmation that such dividend resolution complies with a company's articles of association and applicable Swiss law. Furthermore, in order for Helvetia to pay dividends to its shareholders out of reserves from capital contributions (*Reserven aus Kapitaleinlagen*), a shareholders' meeting must approve by the absolute majority of votes cast the reclassification of such reserves from capital contributions (*Reserven aus Kapitaleinlagen*) to freely distributable reserves (to the extent permissible by the CO). Dividends become due and payable after the shareholders' resolution approving the payment of such dividends has been passed or at a later date as determined by the shareholders' dividend resolution. Under Swiss law, the statute of limitation in respect of dividend payments is five years. Dividends not collected within five years after their due date accrue to the company and will be allocated to the company's general reserves.

Dividends, if any, paid in respect of the Shares are subject to a deduction of Swiss withholding tax (see "*Certain Swiss Tax Considerations—Swiss federal withholding tax*"). No Swiss withholding tax may be due if the dividends are paid out of qualifying equity reserves from capital contributions which were paid in after December 31, 1996 (*Kapitaleinlagereserven*).

Principal Shareholders

The following table illustrates the shareholders of Helvetia holding more than 3% of the issued and outstanding share capital of Helvetia as of October 15, 2014, expressed in number of Shares and as a percentage of the issued and outstanding share capital of Helvetia. Each Share carries one vote at a shareholders' meeting of Helvetia and, as such, the number of Shares held by each shareholder set forth below is equal to the number of voting rights held by such shareholder..

As of October 15, 2014, Helvetia's significant shareholders include:

Shareholder	Amount	% of share capital
Shareholder pool, consisting of Patria Cooperative, Basel, Switzerland, Vontobel Beteiligungen AG, Zurich, Switzerland and Raiffeisen Switzerland Cooperative, St. Gallen, Switzerland[1]	3,371,098	38.96%
BlackRock, Inc., New York NY, USA (together with its subsidiaries)[2, 3]	260,743	3.01%
purchase positions:	21,902[4]	0.25%[4]
purchase positions (total)		3.27%
sales positions (total)	21,650[5]	0.25%[5]
UBS Fund Management (Switzerland) AG, Basel, Switzerland[2, 6]	259,852	3.003%
Schweizerische Mobiliar Holding AG[2, 7] purchase positions:	299,667	3.46%

(1) Group consisting of Patria Genossenschaft, St. Alban-Anlage 26, 4052 Basel, Switzerland; Vontobel Beteiligungen AG, c/o Bank Vontobel AG, Gotthardstrasse 43, 8002 Zürich, Switzerland and Raiffeisen Switzerland Cooperative, Raiffeisenplatz 4, 9001 St. Gallen, Switzerland. Representative of the group: Doris Russi Schurter, Burger & Müller Rechtsanwälte, Murbachstrasse 3, 6003 Luzern, Switzerland, Tel: 041 227 51 11. The number of registered shares is based on the information provided by the relevant shareholders to Helvetia. On October 15, 2014, Helvetia acquired the 1,102,500 Nationale Suisse Shares held by Patria Genossenschaft at the Offer Price. The total shareholdings of the group include the 74,970 Exchange Shares (purchase position) to which Patria is entitled pursuant to the terms of the Offer.

(2) The information regarding this shareholder is based on the notification provided to Helvetia and SIX by the relevant shareholder. The number of shares held by the relevant shareholder may have changed since the date of notification. For more specific information on the notifications that Helvetia received, it refers to the SIX Disclosure Office website: www.six-exchange-regulation.com, under the section "Obligations-Disclosure of Shareholdings-Significant Shareholders".

(3) Shareholders/group: BlackRock Advisors, LLC, 100 Bellevue Parkway, 19809 Wilmington, DE U.S.A., BlackRock Advisors (UK) Limited, 12 Throgmorton Avenue, EC2N 2DL London U.K., BlackRock Asset Management Canada Limited, 161 Bay Street, Suite 2500, M5J 2S1 Toronto, Ontario Canada, BlackRock Asset Management Deutschland AG, Max-Joseph-Strasse 6, 80333 Munich Germany, BlackRock Fund Advisors, 400 Howard Street, 94105 San Francisco, CA U.S.A., BlackRock Fund Managers Limited, 12 Throgmorton Avenue, EC2N 2DL London U.K., BlackRock Institutional Trust Company, National Association, 400 Howard Street, 94105 San Francisco, CA U.S.A., BlackRock International Limited, 12 Throgmorton Avenue, EC2N 2DL London U.K., BlackRock Investment Management (Australia) Limited, Level 26, 101 Collins Street, 3000 Melbourne VIC Australia, BlackRock Investment Management (UK) Limited, 12 Throgmorton Avenue, EC2N 2DL London U.K., BlackRock (Luxembourg) S.A., 6D, Route de Trèves, L-2633 Senningerberg Luxembourg, iShares (DE) I Investmentaktiengesellschaft mit Teilvermögen, Max-Joseph-Strasse 6, 80333 Munich Germany. Indirect shareholder: BlackRock, Inc., 55 East 52nd Street, 10055 New York, NY U.S.A. Relation to shareholders/group: affiliated entities. Remarks: Indirectly held by: BlackRock Australia Holdco Pty. Ltd., Level 26, 101 Collins Street, Melbourne, 3000 VIC, Australia, BlackRock Delaware Holdings Inc., 400 Howard Street, San Francisco, CA 94105, U.S.A., BlackRock Financial Management, Inc., 55 East 52nd Street, New York, NY 10055, U.S.A., BlackRock Group Limited, 12 Throgmorton Avenue, London, EC2N 2DL, U.K., BlackRock Holdings Deutschland GmbH, Gerichtsstrasse 2, 60313 Frankfurt am Main, Germany, BlackRock Advisors Holdings, Inc., 55 East 52nd Street, New York, NY 10055, U.S.A., BlackRock Capital Holdings, Inc., 100 Bellevue Parkway, Wilmington, DE 19809, U.S.A. BlackRock Holdco 2, Inc., 1209 Orange Street, Wilmington, DE 19801, U.S.A. BlackRock Holdco 4, LLC, 1209 Orange Street, Wilmington, DE 19801, U.S.A., BlackRock Holdco 6, LLC, 1209 Orange Street, Wilmington, DE 19801, U.S.A., BlackRock, Inc., 55 East 52nd Street, New York, NY 10055, U.S.A., BlackRock International Holdings, Inc., 55 East 52nd Street, New York, NY 10055, U.S.A., BR Jersey International Holdings L.P., 13 Castle Street, St. Helier, JE4 5UT, Jersey, BlackRock Luxembourg Holdco S.à r.l., 6D, Route de Trèves, Senningerberg, L-2633, Luxembourg. Type of arrangement: affiliated entities. Representative of the group: BlackRock, Inc., 55 East 52nd Street, 10055 New York, NY U.S.A. Contact person: BlackRock Investment Managment (UK) Limited, Tim Dudley, 12 Throgmorton Avenue, EC2N 2DL London U.K., Fax:+44 20 7668 4045 Tel:+44 20 7743 1540.

(4) Purchase position: CFD (cash settlement), 21,902 rights relating to 21,902 voting rights, contracts for difference issued by JP Morgan on Helvetia

Holding AG, ISIN CH0012271687.

(5) Sales positions (total), consisting of a) CFD (cash settlement), 9,284 rights relating to 9,284 voting rights (0.11%), contracts for difference issued by Barclays on Helvetia Holding AG, ISIN CH0012271687, b) CFD (cash settlement), 33 rights relating to 33 voting rights (0.00038%), contracts for difference issued by Goldman Sachs on Helvetia Holding AG, ISIN CH0012271687, c) CFD (cash settlement), 12,333 rights relating to 12,333 voting rights (0.14%), contracts for difference issued by UBS on Helvetia Holding AG, ISIN CH0012271687.

(6) Shareholder: UBS Fund Management (Switzerland) AG, P.O. box, 4002 Basel, Switzerland. Contact person: UBS AG, EUR1 - 2.2524 GAXE, Konstantina Georgaki, P.O. box, 8098 Zürich, Switzerland , Tel: +41 44 239 40 71.

(7) Shareholder: Schweizerische Mobiliar Holding AG, Bundesgasse 35, 3001 Bern, Switzerland. Contact person: Bernhard Schmid, Schweizerische Mobiliar Holding AG, Bundesgasse 35, 3001 Bern, Switzerland, Tel. 031 389 73 01, Fax 031 389 69 21.

Related Party Transactions

This section sets out the relationships to related companies and persons.

“Related companies” are the cooperation partners represented in the shareholder pool and on the Board, *i.e.*, Patria Genossenschaft, Vontobel Beteiligungen AG and Raiffeisen as well as the pension funds and all associates of Helvetia Group.

Helvetia Schweizerische Lebensversicherungsgesellschaft AG and Patria Genossenschaft have an agreement for capital support which can be renewed annually under certain conditions. Under this agreement Patria Genossenschaft undertakes to contribute regulatory capital of up to CHF 50 million to Helvetia Schweizerische Lebensversicherungsgesellschaft AG until June 30, 2015 if certain adverse scenarios as defined should arise. The agreement is executed at normal market conditions.

Helvetia maintains usual business relationships with the members of the shareholder pool in the areas of advisory services, the sale of financial and insurance services and asset management services. All transactions are executed at arm's length conditions. There are no other significant business relationships apart from these regular cooperation activities.

“Related persons” include the members of the Board and the Executive Management as well as their close family members (partners and financially dependent children). Members of the Executive Management may conclude insurance contracts, loans and other services under the terms and conditions currently in effect for employees. Members of the Board are not entitled to preferential employee conditions. Board members or persons closely related to them do not have any significant personal business relationships with Helvetia Group and also did not bill Helvetia for any relevant fees or remuneration relating to additional services. Other than listed in Section "*Administrative, Management and Audit Bodies – Compensation",* no remuneration has been paid to members of the Board or the Executive Management.

REGULATION

General

Helvetia and Helvetia Group's insurance subsidiaries are subject to detailed and comprehensive legislation and regulation in each jurisdiction in which they operate. Regulatory agencies have broad administrative powers over many aspects of the insurance business, which may include marketing and selling practices, advertising, licensing agents, product development structures, premium rates, policy forms, claims and complaint handling practices, data and records management, systems and controls, controlled function holders, capital adequacy, and permitted investments.

Helvetia and Helvetia Group are subject to regulation and supervision by FINMA in relation to the carrying on of its regulated activities in Switzerland. In respect of its international operations it is subject to regulation and supervision by the local supervisory authorities, *inter alia*, in Austria, France, Germany, Italy and Spain. Most of the countries in which Helvetia carries out insurance business have implemented the EU directives concerning the taking up and pursuit of non-life insurance business. As a result, those regulated entities are subject to capital requirements with a view to ensuring the protection of policyholders. The following discussion considers the main features of the Swiss and the European regulatory regimes for insurance business as it applies to Helvetia's respective authorised insurance companies.

Switzerland

Helvetia conducts the business under an operating license, and is subject to continued supervision by FINMA. FINMA monitors whether Helvetia's organization, management and operations are in compliance with the provisions of applicable law and regulations, and exercises control over the calculation of Helvetia's technical provisions, retrocession policy and solvency.

The Swiss insurance supervision is based on the Insurance Supervision Act, as amended, which entered into force on January 1, 2006, and secondary legislation, the ISO The Insurance Supervision Act and the ISO extended the scope of prudential supervision to pure reinsurance companies and introduced supplementary group supervision of insurance groups and financial conglomerates.

Insurance companies are required to maintain a minimum solvency margin (Solvency I). In simplified terms this solvency margin is calculated for the property and casualty business in accordance with the premium and claims index, for life and health business it reflects 0.1% of the capital at risk, plus typically 4% of the mathematical provisions. The supervisory law also determines the admissible capital items to cover the solvency requirement (available solvency margin).

As an insurance group domiciled in Switzerland, Helvetia is also subject to supplementary group supervision by FINMA. This includes a group-wide consolidated solvency calculation, and reporting requirements relating to intragroup transactions and risk concentration. The Swiss regime of supplementary group supervision is equivalent with the rules set out in the EU Financial Conglomerate Directive. This enables FINMA to assume the lead regulator function in exercising its supplementary group supervision in Europe over Helvetia Group. Additionally, co-ordination among supervisory authorities is taking place in the context of Supervisory Colleges and information exchange pursuant to Memoranda of Understanding that have been concluded between the Swiss and the EU (and other) regulatory authorities. Applicable law also contains rules on corporate governance and internal risk management. It requires each insurance company to designate a responsible actuary to review its technical provisions and solvency margin in compliance with the prudential requirements. Further, direct insurers are subject to the provisions governing the investments that cover technical provisions.

In addition to the minimum Solvency I requirement, the Insurance Supervision Act introduced a risk-based capital requirement: the SST. The SST applies to all of Helvetia's legal entities domiciled in Switzerland and to Helvetia Group, as the parent company is domiciled in Switzerland.

The SST distinguishes between risk-bearing capital (available capital) and target capital (required capital). The calculation of the target capital requirement is based on both insurance and financial risks. Reinsurance (or retrocession) is fully deductible from target capital. The credit risk related to reinsurance recoverables is part of the target capital calculation. Helvetia determines target capital on the basis of Helvetia's internal risk model. A feature of the SST is that all assets and liabilities are valued on a market-consistent basis that should be compatible with emerging international accounting standards. The market-consistent value of technical provisions is defined as the discounted best estimate plus the market value margin. The market value margin is approximated by using a cost of capital approach. This is defined as the cost of the present value of the future solvency capital, which will be necessary to back the entire existing portfolio of liabilities during the run-off period.

The risk-based solvency regime of the SST governs already a good part of the Solvency II framework that is currently in implementation in the European Union and as noted below applies to Helvetia's EU-domiciled entities. As of January 1, 2011, companies subject to the SST are required to meet the SST capital adequacy requirements.

The SST is coupled with comprehensive risk reporting duties. SST reports are intended to cover the information necessary for FINMA to assess the capital adequacy and risk position of a subject company. Reports are submitted to FINMA on a semi-annual basis in the case of insurance groups (the report as of January 1 is due by April 30 and the report as of July 1 is due by October 31, each year), and on an annual basis in the case of entity (solo) reporting (the report as of January 1 is due by April 30). Currently, companies subject to SST reporting are not subject to specific public disclosure requirements in respect of their SST ratios.

The SST assesses financial security of subject companies based on the risks to which they are exposed and if risk-bearing capital is less than target capital, a subject company likely has insufficient risk-bearing capital to be able to bear the average losses for a one in a hundred year loss event. In such a case the subject company must either reduce its risk exposure or ensure that it has more risk-bearing capital.

— If the SST ratio falls below the 100% threshold, a plan of activities must be presented and implemented, and specific decisions, such as paying dividends, capital repayments, voluntary repayments of loans, intra-group transactions and other similar transactions, must be presented in advance to FINMA for approval. In this range, there is an increased risk due to the solvency situation and FINMA will intensify the dialogue to mitigate the risk. FINMA may also order audits, demand that key indicators be observed intra-year and reported to FINMA and order supplementary scenario analyses.

— If the SST ratio falls below 80%, the subject company must prepare a restructuring plan that returns the company to above 80% within two years and to above 100% within three years. FINMA can also order the preparation of an extraordinary liquidity plan, subject risky new business and renewals to approval, prohibit new and renewal business, prohibit risky and complex translations, order organizational changes and order more in-depth controls, monitoring, reporting and audits.

— If the SST ratio falls below 33%, FINMA can revoke a subject company's license.

The target amounts of the various thresholds are established in the assessment of the SST reports and are binding until completion of the assessment of the next SST report. In certain extraordinary circumstances, FINMA can order the performance of a sub-annual assessment and, as applicable, re-estimate target capital.

European Union

The new EU solvency regime for insurance companies

The European Commission is in the course of implementing a new prudential framework for insurance companies, known as **Solvency II**, that will replace the existing life, non-life, re-insurance and insurance group's directives. The main aim of this framework is to ensure the financial stability of the European insurance industry, to establish a level-playing-field across the European Union and to protect policyholders through establishing solvency requirements better matched to the true risks of the business. Solvency II uses a more principle- and risk-based approach and thus facilitates a more flexible supervision. Solvency II adopts a three-pillar approach to prudential regulation which is similar to the "Basel II" approach which has already been adopted in the banking sector in Europe. These pillars are quantitative requirements (Pillar 1); qualitative requirements (Pillar 2); and supervisory and reporting disclosure (Pillar 3).

Although the Solvency II directive has similarities to the current Swiss regime set out in the SST in terms of its risk-based approach to the calculation of capital resources requirements and use of capital tiering, there are also many differences both in terms of substance and terminology.

Insurance undertakings to which Solvency II applies will in particular be subject to changes with regard to capital and own funds requirements, the valuation of assets and liabilities and provisions concerning business organisation (governance) and reporting and disclosure requirements. Further changes affect the group supervision. The capital investment principles will be supplemented to the extent that undertakings will in future be required to provide capital backing for their investments, which is to be calculated on the basis of the risk involved in each investment. One further key aspect of Solvency II is the focus on a supervisory review at the level of the individual legal entity. Insurers will be allowed to make use of internal economic capital models to calculate capital requirements if the model has been approved by the regulator. In addition, Solvency II includes a requirement that firms develop and embed an effective risk management and internal audit system as a fundamental part of running the firm.

Solvency II is being developed in accordance with the Lamfalussy four-level legislative process. The "Level 1" directive (dated 25 November 2009, last amended by the Omnibus II Directive dated April 16, 2014) sets out a framework which will be supplemented by further and more detailed implementing measures issued by the European

Commission at "Level 2" and technical Standards at "Level 2.5". At "Level 3" standards and guidance will be developed by EIOPA and at "Level 4" the European Commission monitors uniform implementation of the rules in close co-operation with the Member States, the regulators (in particular EIOPA) and the private sector and will take enforcement actions as necessary. Member States will be required to implement the new rules by March 31, 2015, with the regime – including certain transitional provisions - becoming binding on insurers and reinsurers within each Member State from January 1, 2016.

Solvency II provides for the supervision of insurance groups and will impose a group-level capital requirement in relation to certain insurance groups. Where entities in any insurance group are located in different states, the national supervisors of those entities will participate in a college of supervisors to supervise the group, with the FINMA likely to remain the lead regulator for Helvetia Group as the regulator in the domicile of Helvetia Group's head office.

The European Insurance and Occupational Pensions Authority

The European Parliament has called for a strengthening of the European supervision framework to reduce the risk and severity of future financial crises. This has led to the creation of the European Insurance and Occupational Pensions Authority (**EIOPA**), which is a regulatory and supervisory authority which replaces the Committee of European Insurance and Occupational Pensions Supervisors. EIOPA is part of the European System of Financial Supervisors that comprises three supervisory authorities: one for the banking sector, one for the securities sector and EIOPA for the insurance and occupational pensions sector. Under Omnibus II, EIOPA has extended powers to develop detailed aspects of the Solvency II regime, to provide guidelines and recommendations to national supervisors and to resolve differences between national supervisors in the supervision of international insurance groups. Helvetia will seek to ensure that it is prepared for regulation / guidelines issued by EIOPA, however there are risks associated with the uncertainty in respect of how the EIOPA intends to apply its powers and whether the new authority will result in more intrusive and intensive regulation, adding additional burdens on the Helvetia's resources.

ADMINISTRATIVE, MANAGEMENT AND AUDIT BODIES

Board of Directors

The Articles provide that the Board shall comprise seven to thirteen members. The members of the Board and its chairman are elected individually by the annual general shareholders' meeting (*Generalversammlung*). Directors are appointed to and removed from the Board exclusively by a shareholders' resolution.

Election and term of office of the members of the Board

According to the Articles currently in effect, the term of office for each newly elected member of the Board ends with the conclusion of the next annual general shareholders' meeting. The Articles allow for re-election of members of the Board.

The annual shareholders' meeting elects the chairman of the Board. The Board appoints a vice-chairman. It may also appoint a secretary who need not be a member of the Board. According to Helvetia's organizational rules (*Organisationsreglement*) (the **Organizational Rules**) enacted by the Board on July 1, 2014, the Board meets at the invitation of the chairman, or, if he is not in a position to do so, the vice-chairman or another member of the Board, as often as required, but at least five times each year. The resolutions of the Board are passed by way of absolute majority of the votes cast. In the case of a tie vote, the acting chairman has the casting vote. To validly pass a resolution, a majority of the members of the Board must attend the meeting. Absent members cannot be represented. No quorum is required for confirmation resolutions and amendments of the Articles in connection with capital increases pursuant to art. 653g CO.

Powers and duties

The Board is entrusted with the ultimate direction of Helvetia's business and the supervision of the Executive Management. It represents Helvetia towards third parties and manages all matters which have not been delegated to another corporate body of Helvetia by law, the Articles, the Organizational Rules or by other regulations.

The Board’s non-transferable and irrevocable duties include the ultimate management of Helvetia and the power to issue the necessary directives in this regard; the determination of the organization of Helvetia; the administration of its accounting system, its financial control as well as its financial planning; the appointment and removal of the persons entrusted with the management and representation of Helvetia, as well as the determination of their signatory power; the ultimate supervision of the persons entrusted with the management of Helvetia, in particular with respect to their compliance with the law, the Articles, regulations and directives; the preparation of the annual report and the shareholders’ meeting, including the implementation of its resolutions; the decision about the performance of additional contributions to (not fully paid-in) shares of the Company and the corresponding amendments of the Articles; the decision about the increase of the share capital, to the extent such increase lies within the authority of the Board, the ascertainment of capital increases, the establishment of reports about a capital increase and the respective amendments to the Articles; the examination of the professional qualifications of the auditors; the non-transferable tasks and duties of the Board pursuant to the Swiss Merger Act; and the notification of the judge in case of over indebtedness.

In accordance with Swiss law, the Articles and the Organizational Rules, the Board has delegated Helvetia's operational management to the Chief Executive Officer and further members of the Executive Management.

Members of the Board

Helvetia's Board currently comprises thirteen members (including the chairman), all of whom are non-executive directors. The table below sets out the name, age, position, committee memberships and the term of each of the current members of the Board, followed by a short description of each director's business experience, education and activities.

Name	Born	Position / Committee membership	Director since	Term expires
Erich Walser	1947	Chairman / SGC (C), NCC (C)	2001	2015
Doris Russi Schurter	1956	Vice Chairwoman / SGC, AC	2008	2015
Hans-Jürg Bernet	1949	Member / NCC, AC	2006	2015
Jean-René Fournier	1957	Member / AC (C)	2011	2015
Paola Ghillani*	1963	Member / NCC	2008	2015*
Christoph Lechner	1967	Member / SCG, IRC	2006	2015
John Martin Manser	1947	Member / NCC, IRC (C)	1996	2015
Herbert J. Scheidt	1951	Member / IRC, AC	2011	2015
Pierin Vincenz	1956	Member / SGC, IRC	2000	2015
Andreas von Planta**	1955	Member	2014**	2015
Balz Hösly**	1958	Member	2014**	2015
Peter A. Kaemmerer**	1956	Member	2014**	2015
Gabriela Maria Payer**	1962	Member	2014**	2015
Hans Künzle**	1961	Member	2015**	2015

Glossary:
SGC: Strategy- and Governance Committee
NCC: Nomination and Compensation Committee
IRC : Investment- and Risk Committee
AC: Audit Committee
(C): Chair of the respective Committee

* Prior to the extraordinary shareholders' meeting of September 17, 2014, Paola Ghillani resigned as member of the Board, whereby such resignation is conditional upon completion of the Offer, with effect as of January 1, 2015.

** Newly elected by the extraordinary shareholders' meeting of September 17, 2014, whereby such election is conditional upon completion of the Offer. Mr. Hans Künzle, CEO of Nationale Suisse, was elected as member of the Board at the same meeting with effect as of January 1, 2015.

The members of the Board may be contacted at Helvetia's registered office at Dufourstrasse 40, 9000 St. Gallen, Switzerland.

Set out below is a short description of each director's business experience, education and activities:

Erich Walser, Swiss citizen. Chairman of the Board. Bachelor’s degree, law degree (lic. oec. HSG, lic. iur.).

Professional background, exercising operational executive functions: Up to 1978 various roles at banks; 1979 joined Helvetia: various managerial functions; 1991 Chief Executive Officer at Helvetia Versicherungen; 1994 Chief Executive Officer at Helvetia Patria Group; 2001 Delegate of the Board of Directors, from December 12, 2003, to August 31, 2007 Chairman of the Board of Directors and CEO of Helvetia Group, since September 1, 2007 in current role.

Appointments at listed companies: Designated Chairman of the Board of Directors of Huber+Suhner AG, Herisau.

Appointments at other companies: Six Appointments at other companies, in particular President of the Fördergesellschaft des Instituts für Versicherungswirtschaft at the University of St Gall.

Pro bono appointments: Eight appointments at charitable organisations and institutions.

Doris Russi Schurter, Swiss citizen. Vice Chairwoman of the Board. Law degree (lic. iur.), Lawyer (with own practice).

Professional background, exercising operational executive functions: Until 2005, partner at KPMG Switzerland, including 1994 – 2005 Managing Partner at KPMG Lucerne.

Appointments at listed companies: Member of the Board of Directors at Lucerne Cantonalbank, Lucerne.

Appointments at other companies: Four appointments, in particular President of the Board of Directors at Patria

Genossenschaft, Basel; Vice-President at Swissgrid AG, Laufenburg; and LZ Medien Holding, Lucerne.

Pro bono appointments: Seven appointments, in particular President of the Association of Swiss Companies in Germany, VSUD, Basel, and various commitments at the University of Applied Sciences and University of Lucerne.

Hans-Jürg Bernet, Swiss citizen. Member of the Board. Doctorate in economics from the University of St Gall (Dr. oec. HSG).

Professional background, exercising operational executive functions: Joined the Zurich Insurance Group in 1977, various managerial positions, including: 1993 member of the Executive Management of Zurich Switzerland, 2001 – 2005 CEO Zurich Switzerland, 2001 – 2004 Member of the Extended Group Executive Board of the ZFS Group; 2002 – 2005 Vice-President of the SVV (Swiss Insurance Association); 2001 – 2005 Management Board and Vice-President of the Fördergesellschaft I.VW.

Appointments at listed companies: Board of Directors member at St Gall Cantonal Bank, St Gall.

Appointments at other companies: Four appointments at non-listed companies, in particular SWICA healthcare organisation, Winterthur.

Pro bono appointments: Four appointments at charitable organisations and institutions.

Jean-René Fournier, Swiss citizen. Member of the Board. Bachelor's degree in economics from the University of Freiburg (lic. oec. publ.)

Professional background, exercising operational executive functions: Management positions at UBS; 1997 – 2009 State Council of the canton of Valais; since 2007 member of the Swiss Senate for the canton of Valais; since 2011 President of the Finance Commission of the Senate.

Appointments at listed companies: none.

Appointments at other companies: Six appointments at non-listed companies / institutions: Board of Directors at Patria Genossenschaft; Board of Directors at Forces motrices de la Gougra SA, Sierre, and Grande Dixence SA, Sion; Senior Advisor at Credit Suisse SA; Member of the Executive Board of the Swiss Trade Association and President of the Union valaisanne des arts métiers.

Pro bono appointments: none.

Paola Ghillani*, Swiss and Italian citizen. Member of the Board. Pharmacist.

Professional background, exercising operational executive functions: Consumer health analyst and product manager for Ciba / Novartis as well as marketing director for Benelux; International Marketing Director at Bernafon International Ltd; from 1999 to 2005 CEO at the Max Havelaar Foundation, Switzerland; currently owner of her own company in the area of Strategic Planning and Management Consulting, Zurich.

Appointments at listed companies: Member of the Board of Directors at Romande Energie Holding SA, Morges.

Appointments at other companies: Two appointments at non-listed companies, in particular member of the management board at Migros Cooperative, Zurich.

Pro bono appointments: Member of the International Red Cross Committee.

Christoph Lechner, Swiss and German citizen. Member of the Board. Prof. and Doctor of economics (Prof. Dr. oec.)

Professional background, exercising operational executive functions: 1987 – 1995 various positions at Deutsche Bank, including: Corporate Banking and Assistant to the Management (Germany); Corporate Finance (Singapore); 1995 – 2004 University St Gall, promotion and habilitation, guest professor in the USA (Wharton and Connecticut) as well as South America (IAE Argentina); 2004 to present, professor of Strategic Management at the University of St Gall and also Chairman of the Board at the Institute of Management (IfB).

Appointments at listed companies: Member of the Board of Directors at Hügli Holding AG, Steinach.

Appointments at other companies: none.

Pro bono appointments: none.

John Martin Manser, Swiss citizen. Member of the Board. MBA; financial consultation.

Professional background, exercising operational executive functions: Commercial banking in Switzerland, in the United Kingdom and in Brazil; 1981 Treasurer in the Brazilian affiliate of Ciba-Geigy; 1988 – 1990 Head of Finance and 1990 – 1996 Treasurer Ciba-Geigy AG, Basel (head office); 1996 – 2007 Head of the Novartis Group Treasury: Novartis International AG, Basel.

Appointments at listed companies: none.

Appointments at other companies: Member of the Board of Directors at Union Bancaire Privée, Geneva.

Pro bono appointments: Member of the Investment Commission at the University of Basel.

Herbert J. Scheidt, Swiss and German citizen. Member of the Board. Business and masters degrees at the Universities of Sussex and New York.

Professional background, exercising operational executive functions: Different managerial roles at Deutsche Bank in Essen, Frankfurt, New York, Milan and Geneva; 1999 – 2000 Head of Private Banking International and from 2001 Chief Executive Officer at Deutsche Bank (Switzerland) AG; 2002 – 2011 CEO of the Vontobel Group; since May 2011 Chairman of the Board of Directors Vontobel Holding AG, Zurich.

Appointments at listed companies: President of the Board of Directors at Vontobel Holding AG and Vice-President of the Board of Directors at HERO AG, Lenzburg.

Appointments at other companies: Four appointments at non-listed companies, in particular Director of the Association of Swiss Commercial and Investment Banks (VHV); member of the Board of Directors the SIX Group AG, Zurich; member of the Board of Directors of the Swiss Bankers' Association.

Pro bono appointments: Eight appointments at charitable organizations and institutions.

Pierin Vincenz, Swiss citizen. Member of the Board. Doctor of Economics (Dr. oec. HSG).

Professional background, exercising operational executive functions: 1979 – 1982 Schweizerische Treuhandgesellschaft, St Gall; 1986 – 1990 Swiss Bank Corporation Global Treasury at the head office in Zurich, as well as Vice-Director at Swiss Bank Corporation O'Conner Services L.P. Chicago; 1991 – 1996 Hunter Douglas, Lucerne, Vice-President and Treasurer; since 1996 Raiffeisen Group, St Gall: member of Executive Management and Head of the Finance Department; since 1999 Chairman of Executive Management of the Raiffeisen Group, St Gall.

Appointments at listed companies: Vice-President of the Board of Directors of Leonteq Securities AG, Zurich.

Appointments at other companies: Seven appointments at non-listed companies: member of the Board Committee of the Swiss Bankers' Association, Basel; President of the Board of Directors of the Aduno Group, Glattbrugg; President of the Board of Directors at Notenstein Privatbank AG, St Gall; President of the Board of Directors of Pfandbriefbank Schweizerischer Hypothekarinstitute AG, Zurich; member of the Board of Directors of SIX Group AG, Zurich; President of the Board of Directors of Plozza Vini SA, Brusio.

Pro bono appointments: Nine appointments at charitable organisations and institutions.

Andreas von Planta**, Swiss citizen. Member of the Board. Dr. iur. (University of Basel), LL. M. (Columbia University),

Professional background, exercising operational executive functions: Lawyer, has been employed with attorneys Lenz & Staehelin, Geneva, since 1983, and has been a Partner since 1988. Andreas von Planta was elected to the Board of Directors of Nationale Suisse in 1997 of which he was the Vice-Chairman since 2001 and the Chairman since 2010.

Appointments at listed companies: Member of the Board of Directors of Holcim Ltd, Jona, and member of the Board of Directors of Novartis AG, Basel.

Appointments at other companies: Chairman of the Board of Directors of Clinique Générale-Beaulieu SA, Geneva, member of the Board of Directors of Raymond Weil SA, Lancy. He is also a member of the Board of Directors of various Swiss subsidiaries of foreign companies. In addition, he is Chairman of the Regulatory Board of SIX Swiss Exchange (formerly the admission office of SWX Swiss Exchange).

Pro bono appointments: none.

Balz Hösly**, Swiss citizen. Member of the Board. Dr. iur. (University of Zurich), lawyer, Certified Specialist SBA Inheritance Law.

Professional background, exercising operational executive functions: Balz Hösly held several national and international positions at Winterthur Versicherungen between 1987 and 1999 and was CEO of Osec, the Swiss organisation for the promotion of international trade, from 2000 to 2004. Since 2004 he has been a Partner at the law office of MME Partners – Meyer Muller Eckert, Zurich/Zug. In 2007, Balz Hösly was elected to the Board of Nationale Suisse.

Appointments at listed companies: none.

Appointments at other companies: Balz Hösly is Chairman of the Board of Directors of Greater Zurich Area AG, Zurich, which markets Zurich as a location, and a member and Vice-Chairman of the Board of Directors Committee of Hallenstadion AG, Zurich.

Pro bono appointments: none.

Peter A. Kaemmerer**, German citizen. Member of the Board. Dr. iur. (University of Munich), MBA (European Business School INSEAD in Fontainebleau).

Professional background, exercising operational executive functions: Peter A. Kaemmerer held numerous management positions at Landesbank Baden-Württemberg (LBBW) in Mannheim, most recently as the member of the Management Board responsible for the bank's international business. Since spring 2011 he has been President of DKSH Japan in Tokyo. In 2007, Peter A. Kaemmerer was elected to the Board of Directors of Nationale Suisse, from which he resigned effective as of closing of the Offer.

Appointments at listed companies: none.

Appointments at other companies: none.

Pro bono appointments: none.

Gabriela Maria Payer**, Swiss citizen. Member of the Board. Dr. phil. (University of Zurich).

Professional background, exercising operational executive functions: Gabriela Maria Payer held numerous management roles at UBS AG from 1993 to 2012. After holding the function of Head of Marketing Retail Banking she headed up the reorganization of the Region Switzerland and its distribution channels, set up e-banking for the bank and in 2004 took on worldwide responsibility for education and personnel development. In 2005 she became Head of Human Resources for Global Wealth Management & Business Banking and in 2009 founded the UBS Business University, for which she had responsibility throughout the whole Bank. Since 2012 she has been Head of Education and a member of the Management Board of the Swiss Finance Institute and manages the consultancy firm PAYERPARTNER for strategic business development. She is also a member of the Advisory Boards of CEO Positions AG and MakingScienceNews AG. In 2014, Gabriela Maria Payer was elected to the Board of Directors of Nationale Suisse, from which she resigned effective as of closing of the Offer.

Appointments at listed companies: none.

Pro bono appointments: none.

Hans Künzle**, Swiss citizen. Member of the Board. Dr. iur. (University of Zurich).

Professional background, exercising operational executive functions: After a short period of employment at Bülach District Court, Hans Künzle joined Winterthur Versicherungen in 1989. Between 1995 and 2004 he took on various management roles in Switzerland and Europe. Among others, he was CEO of Winterthur's operations in the Czech Republic and responsible for Mergers & Acquisitions at group level.

Hans Künzle is CEO of Schweizerische National-Versicherungs-Gesellschaft AG. He was elected to the Board of Directors effective January 1, 2015 and will leave the Executive Management of Schweizerische National-Versicherungs-Gesellschaft AG on 31 December 2014, subject to the closing of the Offer.

Appointments at listed companies: none.

Appointments at other companies: 4 appointments, in particular, member of the Board of Directors of CSS Versicherung, member of the Board of Directors of the Swiss Insurance Association (SIA).

Pro bono appointments: member of the Board of Trustees of the disability foundation MyHandicap and member of the Board and the Swiss Committee for UNICEF Switzerland.

* Conditionally resigned as member of the Board, with effect as of January 1, 2015.

** Conditionally elected by the extraordinary General Meeting of the shareholders of Helvetia on September 17, 2014.

Board Committees

Strategy and Governance Committee

The Strategy and Governance Committee prepares the resolutions to be passed by the Board in the event of a change or redefinition of strategy, monitors the strategic risks within the framework of the defined strategy and the related measures, deals with mergers, takeovers and disposals of companies or major portfolios, and prepares the required resolutions by the full Board.

It also ensures good corporate governance within Helvetia Group, assumes duties and powers that have been assigned to the Strategy and Governance Committee by the Board, deals with issues entrusted to it by the chairman that are not reserved for the full Board in accordance with the law, the articles of incorporation or the Organizational Rules, and discusses important and urgent issues.

Current members: Erich Walser (chairman), Christoph Lechner, Doris Russi Schurter, Pierin Vincenz

Nomination and Compensation Committee

The chairperson and the other members of the nomination and compensation committee are appointed by the company's shareholders' meeting for a term of office extending until completion of the next ordinary shareholders' meeting. Re-election is possible.

The function of the nomination and compensation committee is to support the Board in establishing and reviewing the compensation strategy and guidelines, in the preparation of the compensation report as well as in preparing the proposals to the shareholders' meeting regarding the compensation of the Board and the Executive Management. The nomination and compensation committee may submit proposals to the Board in other compensation-related issues.

Current members: Erich Walser (chairman), Hans-Jürg Bernet, Paola Ghillani, John Martin Manser.

Investment and Risk Committee

The Investment and Risk Committee formulates the investment concept, basic guidelines and investment strategy, proposes the strategic bandwidths for asset allocation, approves the investment strategy and supervises the investment activities of Helvetia Group. It also makes investment decisions insofar as the Board has entrusted it with the corresponding powers, determines the most important risk strategies, the risk tolerance, risk appetite and applicable risk limits, and monitors all non-strategic and non-operational risks as well as the related risk management measures and limit compliance.

Current members: John Martin Manser (chairman), Christoph Lechner, Herbert Scheidt, Pierin Vincenz.

Audit Committee

The Audit Committee assists the Board in its duties with regard to overall supervision and financial control. It examines the accounts from the points of view of completeness, integrity and transparency, verifies their compliance with applicable accounting standards and external reporting requirements, assesses risk governance and risk organisation, and monitors the functional capacity and effectiveness of the internal control systems (ICS). It monitors the operational risks and related risk management measures, and verifies the independence and quality of the audits by the internal and external auditors. It ensures optimal cooperation between internal and external control units, the Audit Committee, the chairman and the Executive Management.

The Audit Committee approves the internal audit plan and assists with the compilation of external audit plans, examines the results of audits, comments on them for the attention of the Board, and may if necessary award special audit mandates. It also prepares the election of the statutory auditors, and submits the necessary proposals to the Board. It verifies the consistency of auditing activities with any existing consulting mandates and examines the overall fee structure.

Current members: Hans-Jürg Bernet (chairman), Jean-René Fournier, Doris Russi Schurter, Herbert Scheidt.

Executive Management

Subject to those affairs which lie within the responsibility of the Board by law, Articles and Organizational Rules, the Board has delegated the executive management of Helvetia to the Executive Management.

The members of the Executive Management are appointed by the Board.

Members of Executive Management

The Executive Management currently comprises six members. The table below sets out the name, age, appointment date, and the position of each of the current members of Executive Management, followed by a short description of each member's business experience, education and activities:

Name	Born	Date of Appointment	Position
Stefan Loacker	1969	September 1, 2007	Chief Executive Officer (CEO)
Paul Norton	1961	July 1, 2007	Chief Financial Officer (CFO)
Markus Gemperle	1961	September 1, 2008	Head of Strategy and Operations
Philipp Gmür	1963	January 1, 2003	Chief Executive Officer of Helvetia Switzerland
Ralph-Thomas Honegger	1959	October 1, 2002	Chief Investment Officer (CIO)
Wolfram Wrabetz*	1950	January 1, 1998	Chief Executive Officer of Helvetia Germany

* Wolfram Wrabetz will retire with effect of December 31, 2014. His successor Volker Steck will not assume an Executive Management role.

The members of Management may be contacted at Helvetia's registered office at Dufourstrasse 40, 9000 St. Gallen, Switzerland.

Set out below is a short description of each members' of the Executive Management business experience, education and activities.

Stefan Loacker, Austrian citizen. Chief Executive Officer (CEO). Bachelor’s degree (lic. oec. HSG); Master’s degree (Mag. rer. soc. oec.), Vienna University of Economics and Business.

Professional background: 1994–1997 Rentenanstalt / Swiss Life: involved in Group planning projects; 1997 joined Helvetia: Assistant to Head of Staff Executive Management, Business Development; Head of Staff Executive Management; 2000 Head of Business Development; Member of Executive Management; 2002 ANKER, Vienna: Head of Finance and IT; Member of Executive Board; 2005 ANKER, Vienna: Chief Executive Officer. Since September 1, 2007, Stefan Loacker assumes his current position as CEO with various appointments at the foreign subsidiaries of Helvetia.

Appointments: In particular, member of the Board of Directors of the Swiss Insurance Association, Zurich.

Paul Norton, British and Swiss citizen. Chief Financial Officer (CFO). BA History (University of Reading (UK); Chartered Accountant.

Professional background: 1983–1992 Price Waterhouse, London; 1992–1994 Revisuisse Price Waterhouse, Zurich; 1994–1996 Price Waterhouse, London; 1996–1999 Zurich Financial Services (ZFS), Centre Solutions, Head of Transaction Tax and Accounting Europe; 1999–2002 ZFS: Head of External Reporting; 2002–2007 Winterthur Versicherungen: Head of Corporate Development and Capital Management. Since July 1, 2007, Paul Norton has been in his current position as CFO and member of Executive Management with various appointments at the subsidiaries of Helvetia Group in Switzerland and abroad.

Appointments: Member of the Economic and Financial Affairs Committee of the Swiss Insurance Association, Zurich.

Markus Gemperle, Swiss citizen. Head of Strategy & Operations (CSO). Doctorate (Dr. iur. HSG).

Professional background: 1986–1988 Legal Counsel Claims Department, Helvetia Feuer, St Gall; 1988–1990 Academic Assistant, Institute for Insurance Studies, University of St Gall; 1990 Joined Helvetia Insurance; Head of various departments in the non-life business in Switzerland; 2002 Head of Corporate Centre of Helvetia Patria Group; 2004 Member of the Executive Management of Helvetia Switzerland: CIO; 2006 Member of the Executive Management of Helvetia Switzerland: Head of Operations & Partners; 2008 Member of Executive Management in his current position with various appointments at the subsidiaries of Helvetia Group in Switzerland and abroad.

Appointments: In particular a Board of Directors appointment at an unlisted company and a Board of Trustees appointment.

Philipp Gmür, Swiss citizen. CEO of Helvetia Switzerland. Doctorate (Dr. iur.), law degree (LL.M.).

Professional background: 1988–1990 worked in various courts, administration and law firms; 1991–1993 Court Clerk at the High Court of Lucerne; 1993 joined Helvetia: Head of regional office in Lucerne; 2000 Member of the Management Board, Switzerland: Head of Sales; 2003 Member of Executive Management in his current position with various mandates at the Swiss subsidiaries of Helvetia Group.

Appointments: In particular, Chairman of the Campaign Committee of the Swiss Insurance Association; Member of the Board of Trustees of the pension funds of Helvetia Insurance; Vice Chairman of the Helvetia Patria Jeunesse Foundation; Vice Chairman of the Swisscanto Vested Benefits foundation of the Cantonal Banks; Member of the Board of Directors of Coop Rechtsschutz AG, Aarau; Member of the Board of Directors of Prevo AG, Basel, and three other board member mandates for non-listed companies and three board of trustee appointments.

Ralph-Thomas Honegger, Swiss citizen. Head of Investments (CIO). Doctorate (Dr. rer. pol.).

Professional background: 1987 joined Patria: various management positions, including: Head of Portfolio Strategy and Portfolio Management; 1997 Member of the Management Board, Switzerland: initially Head of Investment Clients, then Head of Individual Life; 2002 Member of Executive Management in his current position with various mandates at foreign subsidiaries of Helvetia Group.

Appointments: In particular, Board of Trustees of the pension funds at Helvetia Insurance; Head of the Investment Commission of the Raiffeisen pension fund; Honorary Consul General for Austria in Basel; Member of the Board of Directors of Tertianum AG, Zurich (until July 2013); Vice Chairman, Member of the Board of Directors of Allreal Group, Zurich.

Wolfram Wrabetz, German citizen. Chief Executive Officer of Helvetia Germany. Prof. and Doctor of Laws (Prof. Dr. iur.), Certified Business Administrator.

Professional background: Various positions with the Gerling Group; 1981 joined Helvetia Germany: various management positions; 1995 General Manager for Germany and Chairman of Helvetia Leben and Helvetia International, Frankfurt / Main, Germany; since 1998 with Helvetia Group in current position.

Appointments: In particular, member of the Chairman's and Professional Committees for Private Customers and Chairman of the Legal Committee of the German Insurance Association, Berlin, Germany; representative of the Hesse State Government for the insurance industry; Honorary Consul General in Germany of the Republic of Ecuador in Frankfurt / Main, Germany; Vice Chairman of the Chamber of Commerce and Industry, Frankfurt / Main, Germany.

Convictions and Proceedings

None of the members of the Board of Directors or of the Executive Management is or has been during the past five years subject to any convictions for finance or business-related crimes or to legal proceedings by statutory or regulatory authorities (including designated professional associations) that are ongoing or have been concluded with a sanction.

Compensation

Overview

Helvetia is incorporated in Switzerland and is subject to the Directive on Information Relating to Corporate Governance and its annex and commentary issued by the SIX. Helvetia is required to disclose basic principles and elements of compensation and shareholding programs for both acting and former members of the Board and for the Executive Management, as well as the authority and procedures for determining such compensation, in a separate section of Helvetia's annual report.

Helvetia's remuneration scheme is compliant with the Swiss Code of Best Practice for Corporate Governance and the Swiss Financial Market Supervisory Authority FINMA Circular 2010/1 on Remuneration Schemes.

On March 3, 2013, the Swiss electorate voted in favour of a constitutional amendment (the so-called "Minder Initiative") requiring, among other things, shareholder approval of board and executive compensation of Swiss public companies, as well as a ban on compensation paid in advance, severance payments and transaction bonuses. The Swiss Federal Council has implemented the Minder Initiative by enacting the Ordinance Against Excessive Compensation in Listed Stock Companies (the **OaEC**) of November 20, 2013 (*Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften [VegüV]*) which entered into force on January 1, 2014.

Art. 13 et seq. OaEC requires the board of publicly traded companies which are domiciled in Switzerland to issue a remuneration report which discloses, among other things, the remunerations paid to current and former members of the board of directors (collectively and individually) and to executive management (collectively as well as the highest remuneration paid to a member of executive management). Helvetia has published its remuneration report pursuant to the provisions of the OaEC for the business year 2014.

On April 25, 2014, Helvetia's annual general shareholders' meeting approved a revision of Helvetia's Articles which comply with the requirements of the OaEC.

The OaEC contains a “say on pay” approval mechanism for the compensation of the Board Executive Management pursuant to which the shareholders must vote on the compensation of the Board and the Executive Management on an annual basis. In accordance therewith, the Articles provide that the shareholders’ meeting must, each year, vote separately on the proposals by the Board regarding the maximum aggregate amounts of

- the fixed compensation of the Board for the next term of office;
- the variable compensation of the Board for the last fiscal year;
- the fixed compensation of the Management Board for the period of July 1 of the current fiscal year until June 30 of the following fiscal year; and
- the variable compensation elements of the Executive Management for the last fiscal year.

If the shareholders’ meeting does not approve a proposal of the Board, the Board determines the maximum aggregate amount or maximum partial amounts taking into account all relevant factors and submits such amounts for approval to the same shareholders’ meeting, to an extraordinary shareholders’ meeting or to the next ordinary shareholders’ meeting for retrospective approval.

The OaEC further requires the company to set forth in its Articles the principles for the determination of the compensation of the Board. These principles have been included in the revised Articles.

The variable compensation components for members of the Board and the Executive Management – and all Helvetia employees in Switzerland – are determined by the Nomination and Compensation Committee during the first quarter of every year once the key figures for the past financial year and the individual target achievement results are available to the Board for the final approval of the Shareholders’ Meeting as set forth above (total amounts Board and Executive Management). The Nomination and Compensation Committee uses a criteria matrix to assess the results-based target achievement; this matrix is discussed in detail below in conjunction with the long-term compensation component (the **LTC**) that has been in force since 2010.

Compensation of the members of the Board

The Articles set out the principles for the elements of the compensation of the members of the Board. The compensation of the members of the Board may consist of fixed and variable compensation. The total compensation shall take into account the position and level of responsibility of the respective member of the Board.

The variable compensation paid to a Board member is calculated based on a reference value of 30% of the fixed compensation. This reference value is multiplied by the extent of target achievement that applies to the LTC. The Board member is then allocated a prospective number of Shares (deferred Shares) for this amount. The relevant share price is calculated as the average of the stock exchange prices for Shares for five consecutive trading days from the day on which the business result is announced. Ownership of the resulting number of Shares is transferred after three years. When a director leaves the Board, the LTC is paid on a pro rata basis up to the end of the month in which he or she leaves the Board, in the case of newly appointed directors from the month of the shareholders' meeting. Here, too, the deferred allocation of LTC Shares applicable to each member of the Board takes place only after the approval of the total amount by the shareholders' meeting.

The members of the Board do not participate in any employee share purchase plans. They also did not participate in any previous share option programmes.

Compensation of the members of Executive Management

The Articles set out the principles for the elements of the compensation of the members of the Executive Management. The total compensation shall take into account the position and level of responsibility of the respective member of the Executive Management.

The members of Executive Management receive a fixed compensation which is paid in cash and variable components. The variable components for members of Executive Management contain an LTC (up to no more than 40% of fixed compensation). This compensation component with a longer-term orientation is multiplied by the extent of the strategic target achievement. In contrast to the regular results-based compensation component, the amount calculated in this way is not paid out to the Executive Management member in cash, but in the form of a deferred claim to a certain number of Shares. The relevant share price is calculated as the average of the stock exchange prices for Shares for five consecutive trading days from the day on which the business result is announced. This number of Shares is transferred to the ownership of the Executive Management member after three years either in the form of Shares or as a cash payment based on the share price at that time, provided that there were no negative developments in this period that were triggered in the reporting year and can be attributed to the conduct of the Executive Management member in question. If the person in question leaves the Executive Management, his or her deferred claim lapses as follows: cancellation of all claims for the year in which notice was given, cancellation of one half of the claims for the first preceding year and no cancellation of any claims from the second preceding year. This concept establishes a direct link between the members of Executive Management and the long-term development of Helvetia in two ways: positive or negative share price trends over the three-year period and the possibility that the number of allocated shares can be reduced retroactively. The extent of strategic target achievement (ranging between 0 and 125%) is fixed annually during the first quarter following the end of a financial year by the Nomination and Nomination and Compensation Committee of the Board on the basis of defined criteria. The Nomination and Compensation Committee also has additional discretionary powers when fixing this percentage, allowing it to take further criteria and an overall assessment into account within the scope of the fixed upper limit of 125%. The final extent of the LTC as calculated by the Nomination and Compensation Committee of the Board, is multiplied by the respective target values (percentage of the fixed compensation). The results-based component calculated in this way and the result of the individual target achievement together comprise the total variable compensation of the Executive Management.

Share ownership

The table below shows the number of Shares held by the individual members of the Board:

Name	Shares held as of September 1, 2014*
Erich Walser	2,247
Doris Russi Schurter	448
Hans-Jürg Bernet	1,063
Jean-René Fournier	20
Paola Ghillani	229
Christoph Lechner	428
John Martin Manser	660
Herbert J. Scheidt	350
Pierin Vincenz	2,265
Total	**7,710**

* Numbers are without LTC.

The table below shows the number of Shares held by the individual members of the Executive Management:

Name	Shares held as of September 1, 2014*
Stefan Loacker	999
Markus Gemperle	948
Philipp Gmür	1,547
Ralph-Thomas Honegger	1,120
Paul Norton	580
Wolfram Wrabetz	300
Total	**5,494**

* Numbers are without LTC.

The current members of the Board hold in aggregate 7,710 Shares, representing 0.09% of the share capital and voting rights of Helvetia.

The current members of Executive Management hold in aggregate 5,494 Shares, representing 0.06% of the share capital and voting rights of Helvetia.

Options

There have not been any share option plans since 2003.

Loans granted to members of the Board or Executive Management

As of the date of this Prospectus, a mortgage loan had been granted to Jean-Rene Fournier for CHF 765,000 (previous year: CHF 765,000). In 2013, the loan, a fixed mortgage at normal customer conditions, earned interest at 2%. Further, a mortgage loan in the amount of CHF 1 Mio. has been granted to Philipp Gmür. In 2013, the loan, a fixed mortgage at normal customer conditions, earned interest at 1.65%. There are no other insurance contracts, loans or guarantees. Board members or persons closely related to them do not have any significant personal business relationships with Helvetia Group and also did not bill Helvetia for any relevant fees or other compensation relating to additional services.

Transactions with members of the Board and Executive Management

See "Related Party Transactions".

Potential conflicts of interest

Swiss law does not provide for a general provision regarding conflicts of interest. However, the CO requires the Board and senior officers to safeguard the Company's interests and imposes a duty of care and loyalty on the members of the Board and senior officers. This rule is generally understood as disqualifying members of the Board and senior officers from decisions that directly affect them. Members of the Board and senior officers are personally liable to the Company, its shareholders and its creditors for damages caused by wilful or negligent violation of their duties. In addition, Swiss statutory law contains a provision under which payments made to a shareholder or a member of the Board or any person associated with such shareholder or member of the Board, other than at arm's length, must be repaid to the Company if the recipient of such payment was acting in bad faith. Under Helvetia's Organizational Rules, a member of the Board shall abstain from voting if he or she has a personal interest in a matter other than an interest in its capacity as a shareholder.

Financial Year and Auditors

Pursuant to the Articles, Helvetia's financial year is determined by the Board. As of the date of this Prospectus, Helvetia's financial year ends on December 31 of each calendar year.

KPMG AG, Zurich, have served as the auditors of Helvetia and its consolidated subsidiaries since 2005. The statutory auditors' terms of office must be renewed by the shareholders' meeting every year.

The KPMG AG audit team for the financial year 2013 consisted of Philipp Rickert (since 2012), Swiss Certified Accountant, Partner Audit Financial Services, lead auditor and Oliver Windhör, Swiss Certified Accountant, Director Audit Financial Services.

CERTAIN SWISS TAX CONSIDERATIONS

The following is a summary of certain Swiss tax consequences of the purchase, beneficial ownership and disposition of the Bonds. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds. The summary relates only to the position of persons who are the absolute beneficial owners of the Bonds and may not apply to certain other classes of persons.

The summary is based upon Swiss tax laws and tax practice as in effect on the date of this Prospectus, which are subject to prospective or retroactive change, and a tax ruling with the Swiss federal tax administration. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Bonds should consult their own advisors as to the Swiss or other tax consequences of the purchase, beneficial ownership and disposition of the Bonds.

Withholding tax

According to the present Swiss law and practice of the Swiss Federal Tax Administration, payments of interest on the Bonds and payments which qualify as interest for Swiss withholding tax purposes (such as a potential issue discount or repayment premium), are subject to Swiss withholding tax at a rate of currently 35 %. If the respective requirements are met, the holder of a Bond residing in Switzerland is entitled to a full refund or tax credit for the Swiss withholding tax whereas a holder of a Bond who is not resident in Switzerland may be entitled to claim a full or partial refund of the Swiss withholding tax by virtue of the provisions of an applicable double taxation treaty, if any, concluded between Switzerland and the country of residence of such holder, subject to qualifications mentioned below.

Transfer Stamp Tax

There is no transfer stamp tax liability in Switzerland in connection with the issue and redemption of the Bonds. Bonds with a term of more than 12 months which are sold through a Swiss or a Liechtenstein domestic bank or a Swiss or a Liechtenstein domestic securities dealer (as defined in the Swiss Federal Stamp Duty Law), are subject to the Swiss securities transfer stamp tax (turnover tax) of presently 0.15 %unless one of the exceptions as detailed in the Swiss Federal Stamp Duty Law applies.

Income Taxation on Principal or Interest

Bonds held by Non-Swiss holders

Payments by the Issuer of interest on, and repayment of principal of, the Bonds, to, and gain realized on the sale or redemption of Bonds by, a holder of Bonds, who is not a resident of Switzerland, and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Bonds are attributable, will not be liable for any Swiss federal, cantonal or communal income tax.

Bonds held as Private Assets by Swiss Resident Holders

An individual who resides in Switzerland and holds a Bond as a private asset will be required to include all payments of interest received on the Bond in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the payment of interest on the Bond and payments which qualify as interest for Swiss income tax purposes (such as a potential issue discount or repayment premium)) for such tax period at the then prevailing tax rates. Conversely, a capital loss realized by him or her on the sale or other disposition of a Bond and a capital loss incurred as a consequence of a write down of the Bond will constitute a non-tax-deductible loss. See: “Taxation – Bonds held as Swiss business assets” below for a summary on the tax treatment of individuals classified as “professional securities dealers.”

Bonds held as Swiss Business Assets

Individuals who hold Bonds as part of a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers residing abroad holding Bonds as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognize payments of interest and any capital gain or loss, as applicable, realized on the sale or other disposal of such Bonds, in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period at the prevailing tax rates. The same taxation treatment also applies to Swiss-resident individuals who, for Swiss income tax purposes, are classified as “professional securities dealers” for reasons of, inter alia, frequent dealings, or leveraged transactions, in securities.

Foreign Final Withholding Tax

On January 1, 2013 treaties on final withholding taxes between the Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The treaties, *inter alia*, require a Swiss paying agent to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Bonds. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such income of interest or capital gain. If such final withholding tax is levied, Swiss withholding tax can be reclaimed by the Swiss paying agent on account of the holder of the Bond.

Such a person may, however, in lieu of the final withholding tax opt for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency. Note that Switzerland may conclude similar treaties with other European countries.

INFORMATION INCORPORATED BY REFERENCE

The following information incorporated by reference into this Prospectus may be consulted on the website of the Company (www.helvetia.com) or requested (at no cost) by contacting from UBS Ltd., Zurich (Tel. +41 44 239 47 03, Fax +41 44 239 69 14 or by e-mail at swiss-prospectus@ubs.com):

Financial statements of Helvetia

Consolidated financial statements for the first half-year 2014 (un-audited)

- Consolidated balance sheet as of June 30, 2014, to be found on page 21 of the half-year report 2014
- Consolidated statement of comprehensive income for the six months ended June 30, 2014, to be found on page 19-20 of the half-year report 2014
- Consolidated statement of equity for the six months ended June 30, 2014, to be found on page 22-23 of the half-year report 2014
- Consolidated cash flow statement for the six months ended June 30, 2014, to be found on page 24-25 of the half-year report 2014

Individual financial statements for the first half-year 2014 (un-audited)

- Balance sheet as of June 30, 2014, to be found on page 2 of the half-year report 2014
- Income statement for the six months ended June 30, 2014, to be found on page 2 of the half-year report 2014

Consolidated financial statements 2013 (audited)

- Consolidated balance sheet as of December 31, 2013 to be found on page 94 of the 2013 annual report
- Consolidated statement of comprehensive income for the year ended December 31, 2013, to be found on page 93 of the 2013 annual report
- Consolidated statement of changes in shareholders' equity for the year ended December 31, 2013, to be found on page 96 of the 2013 annual report
- Consolidated cash flow statement for the year ended December 31, 2013, to be found on page 98 of the 2013 annual report
- Notes to the consolidated financial statements for the year ended December 31, 2013, to be found on pages 100–204 of the 2013 annual report
- Report of the statutory auditor on the consolidated financial statements for the year ended December 31, 2013, to be found on pages 203–204 of the 2013 annual report

Individual financial statements 2013 (audited)

- Balance sheet as of December 31, 2013 to be found on page 205 of the 2013 annual report
- Income statement for the year ended December 31, 2013, to be found on page 205 of the 2013 annual report
- Notes to the financial statements for the year ended December 31, 2013, to be found on pages 206–208 of the 2013 annual report
- Report of the statutory auditor on the financial statements for the year ended December 31, 2013, to be found on page 209 the 2013 annual report

Consolidated financial statements 2012 (audited)

- Consolidated balance sheet as of December 31, 2012 to be found on page 90 of the 2012 annual report
- Consolidated statement of comprehensive income for the year ended December 31, 2012, to be found on page 89 of the 2012 annual report
- Consolidated statement of changes in shareholders' equity for the year ended December 31, 2012, to be found on page 92 of the 2012 annual report
- Consolidated cash flow statement for the year ended December 31, 2012, to be found on page 94 of the 2012 annual report
- Notes to the consolidated financial statements for the year ended December 31, 2012, to be found on pages 96–200 of the 2012 annual report
- Report of the statutory auditor on the consolidated financial statements for the year ended December 31, 2012, to be found on pages 199–200 of the 2012 annual report

Consolidated financial statements 2011 (audited)

- Consolidated balance sheet as of December 31, 2011 to be found on page 88 of the 2011 annual report
- Consolidated statement of comprehensive income for the year ended December 31, 2011, to be found on page 87 of the 2011 annual report

- Consolidated statement of changes in shareholders' equity for the year ended December 31, 2011, to be found on page 90 of the 2011 annual report
- Consolidated cash flow statement for the year ended December 31, 2011, to be found on page 92 of the 2011 annual report
- Notes to the consolidated financial statements for the year ended December 31, 2011, to be found on pages 94–198 of the 2011 annual report
- Report of the statutory auditor on the consolidated financial statements for the year ended December 31, 2011, to be found on pages 197–198 of the 2011 annual report

Financial statements of Nationale Suisse

Consolidated financial statements for the first half-year 2014 (un-audited)

- Consolidated balance sheet as of June 30, 2014, to be found on page 2 of the half-year report 2014
- Consolidated statement of comprehensive income for the six months ended June 30, 2014, to be found on page 5 of the half-year report 2014
- Consolidated statement of changes in equity for the six months ended June 30, 2014, to be found on page 8 of the half-year report 2014
- Consolidated cash flow statement for the six months ended June 30, 2014, to be found on page 6 of the half-year report 2014
- Notes to the consolidated financial statements for the six months ended June 30, 2014, to be found on pages 10 – 34 of the half-year report 2014

Consolidated financial statements 2013 (audited)

- Consolidated balance sheet as of December 31, 2013 to be found on page 4 of the 2013 annual report (financial report)
- Consolidated statement of comprehensive income for the year ended December 31, 2013, to be found on page 7 of the 2013 annual report (financial report)
- Consolidated statement of changes in shareholders' equity for the year ended December 31, 2013, to be found on page 10 of the 2013 annual report (financial report)
- Consolidated cash flow statement for the year ended December 31, 2013, to be found on page 8 of the 2013 annual report (financial report)
- Notes to the consolidated financial statements for the year ended December 31, 2013, to be found on pages 12–118 of the 2013 annual report (financial report)
- Report of the statutory auditor on the consolidated financial statements for the year ended December 31, 2013, to be found on page 119 of the 2013 annual report (financial report)

Consolidated financial statements 2012 (audited)

- Consolidated balance sheet as of December 31, 2012 to be found on page 4 of the 2012 annual report (financial report)
- Consolidated statement of comprehensive income for the year ended December 31, 2012, to be found on page 7 of the 2012 annual report (financial report)
- Consolidated statement of changes in shareholders' equity for the year ended December 31, 2012, to be found on page 10 of the 2012 annual report (financial report)
- Consolidated cash flow statement for the year ended December 31, 2012, to be found on page 8 of the 2012 annual report (financial report)
- Notes to the consolidated financial statements for the year ended December 31, 2012, to be found on pages 12–118 of the 2012 annual report (financial report)
- Report of the statutory auditor on the consolidated financial statements for the year ended December 31, 2012, to be found on page 119 of the 2012 annual report (financial report)

Consolidated financial statements 2011 (audited)

- Consolidated balance sheet as of December 31, 2011 to be found on page 6 of the 2011 annual report (financial report)
- Consolidated statement of comprehensive income for the year ended December 31, 2011, to be found on page 9 of the 2011 annual report (financial report)
- Consolidated statement of changes in shareholders' equity for the year ended December 31, 2011, to be found on page 12 of the 2011 annual report (financial report)
- Consolidated cash flow statement for the year ended December 31, 2011, to be found on page 10 of the 2011 annual report (financial report)
- Notes to the consolidated financial statements for the year ended December 31, 2011, to be found on pages 14–141 of the 2011 annual report (financial report)

- Report of the statutory auditor on the consolidated financial statements for the year ended December 31, 2011, to be found on page 142 of the 2011 annual report (financial report)

INTENTIONALLY LEFT BLANK