Allianz Capital Markets Day

Asset Management & Allianz Life

New York, July 21, 2011

Agenda

A	Allianz Asset Management – a success story	Joachim Faber
B	RCM & AGI Capital as successful entities in AGI's universe	Andreas Utermann
C	Customer and distribution view	Giacomo Campora
D	Allianz Life – Strength and commitment	Jay Ralph
E	Retirement. *Rethink* what's ahead	Gary C. Bhojwani
F	Product design and risk management	Neil McKay
G	Financial performance	Giulio Terzariol
H	Positioning our clients to benefit from the multi-speed world	Mohamed A. El-Erian

Disclaimer

Investor Relations contacts

Allianz Asset Management – a success story

Joachim Faber

Member of the Board of Management
Allianz SE

New York, July 21, 2011

Capital Markets Day

Allianz

A

1 **How we built Allianz' asset management business**

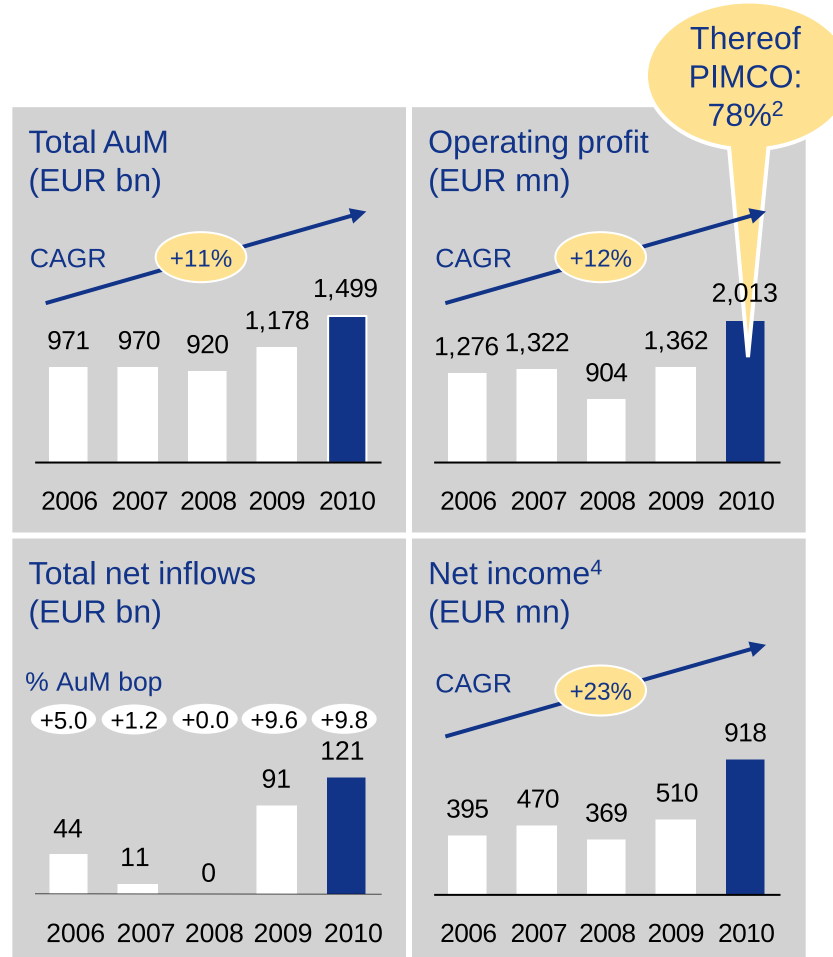
2 Drivers of success

3 Looking forward

Allianz is one of the leading asset managers worldwide …

Highlights[1]

- One of the world's largest active asset managers
- Strong presence in all major markets worldwide
- Complete range of products and styles
- 89% outperforming assets under management[3]
- Strong brands: AGI[5], PIMCO, RCM, AGIC, NFJ
- Contributing 22% to Allianz Group's operating profit



1) Figures related to end of 2010. Figures in the diagrams – as on forth following slides – related to AGI only
2) Excluding Corporate / Other
3) 3-year outperformance
4) Net income attributable to shareholders
5) "AGI" refers to "Allianz Global Investors" and / or the Allianz Global Investors group of companies

Allianz

… built on acquisitions at the beginning and strong organic growth in recent years

	Acquisition			Integration		Internal growth						
1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3rd party AuM[1]:												
23	**30**	**336[2]**	**564**	**513**	**523**	**550**	**707**	**723**	**725**	**673**	**902**	**1,145**

Integration of Allianz Asset Management units

Allianz Asset Management

+ EUR 291 bn[3]

May 5, 2000

PIMCO

Oppenheimer Capital

PIMCO Equity Advisors

NFJ Investment Group

PIMCO ADVISORS

+ EUR 36 bn[3]

January 31, 2001

Nicholas Applegate

+ EUR 228 bn[3]

July 23, 2001

Dresdner Bank Advice you can bank on

dit Allianz Dresdner Asset Management

dbi Allianz Dresdner Asset Management

Dresdner RCM Global Investors

Allianz Dresdner Asset Management

Allianz Global Investors

+ EUR 46 bn[3]

January, 2009

cominvest DIE INVESTMENTMANAGER DER COMMERZBANK

1) In EUR bn as at year-end
2) Segment Asset Management
3) 3rd party AuM in EUR bn as at closing date

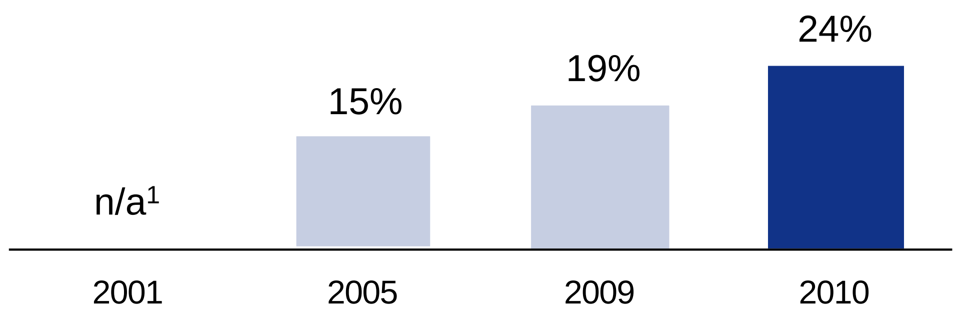
Strategic rationale: asset management as integral part of Allianz' business model …

Contribution to Allianz Group's key financials

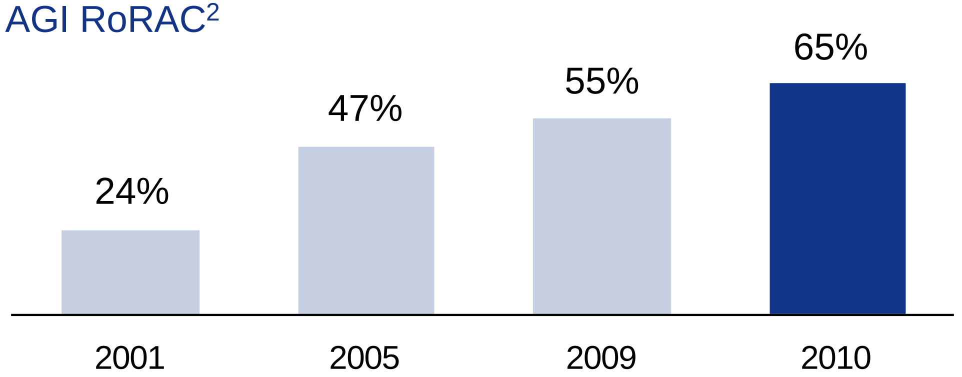
Rationale for AM business

- Added value for insurance assets
- Complementary solutions for pension market
- Attractive financial returns to shareholders with strong growth
- Access to first class investment management skills with deep capital market expertise
- Natural hedge to Life insurance business

AGI's operating profit share



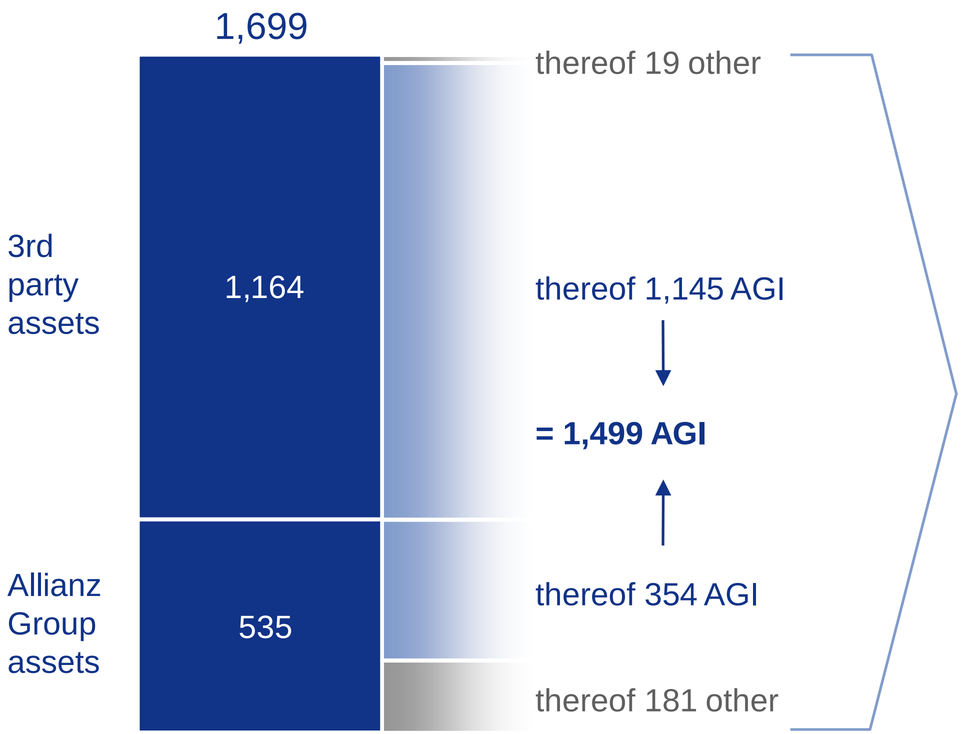
AGI RoRAC[2]



1) Operating profit introduced in 2002
2) Return on risk adjusted capital; for 2001 estimated figure for Asset Management segment

… enabling Allianz to manage majority of assets in-house

AuM Allianz Group (EUR bn, 2010)

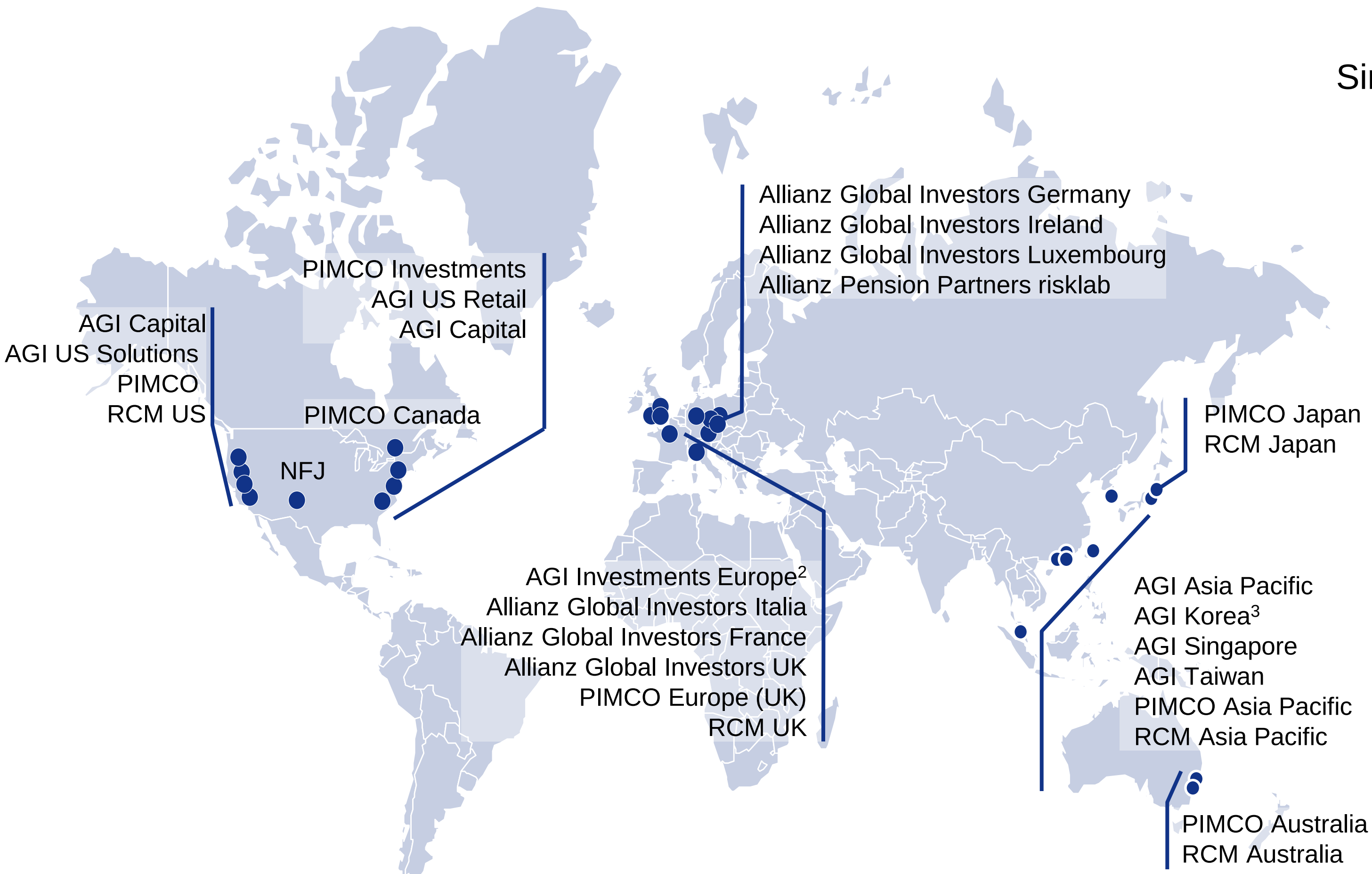


- AGI manages ~98% of Allianz' 3rd party assets
- AGI manages ~66% of Allianz' own assets, making Allianz AGI's largest client
- 81% of AGI assets managed by PIMCO[1]
- Other Group assets predominantly managed through other Allianz entities, e.g. Allianz Capital Partners, Allianz Real Estate

1) EUR 1,208bn 3rd party and Group assets managed by PIMCO (including fixed income Germany)

Result: leading position in terms of regional presence[1], …

Simplified overview



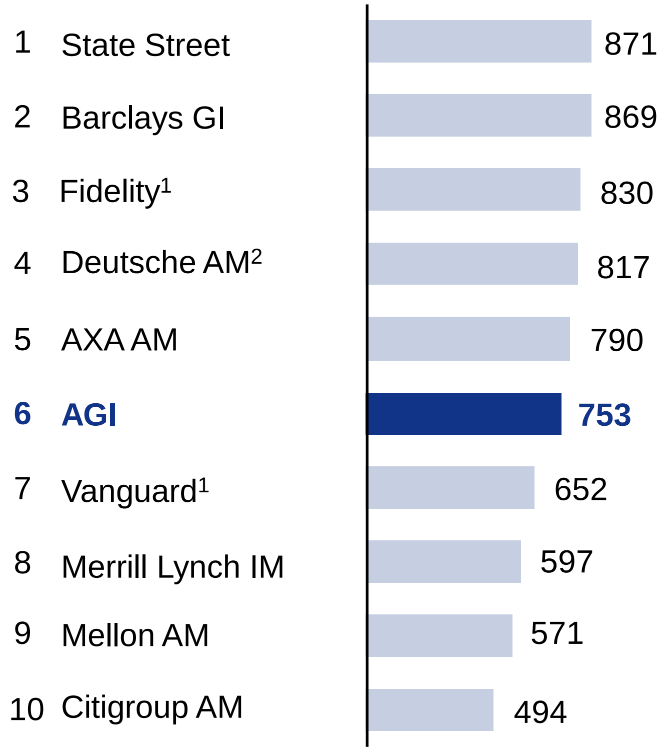
# of investment professionals[4] in USA ~430	# of investment professionals[4] in Europe ~430	# of investment professionals[4] in Asia Pacific ~160

1) Simplified, as full legal name of entities may vary
2) Virtual unit, consisting of AGI France SA, AGI Italia SGR SpA and AGI Europe GmbH (Zurich branch)
3) Joint Venture (50% held by Allianz SE and 50% by AGI Asia Pacific GmbH)
4) As at December 2010

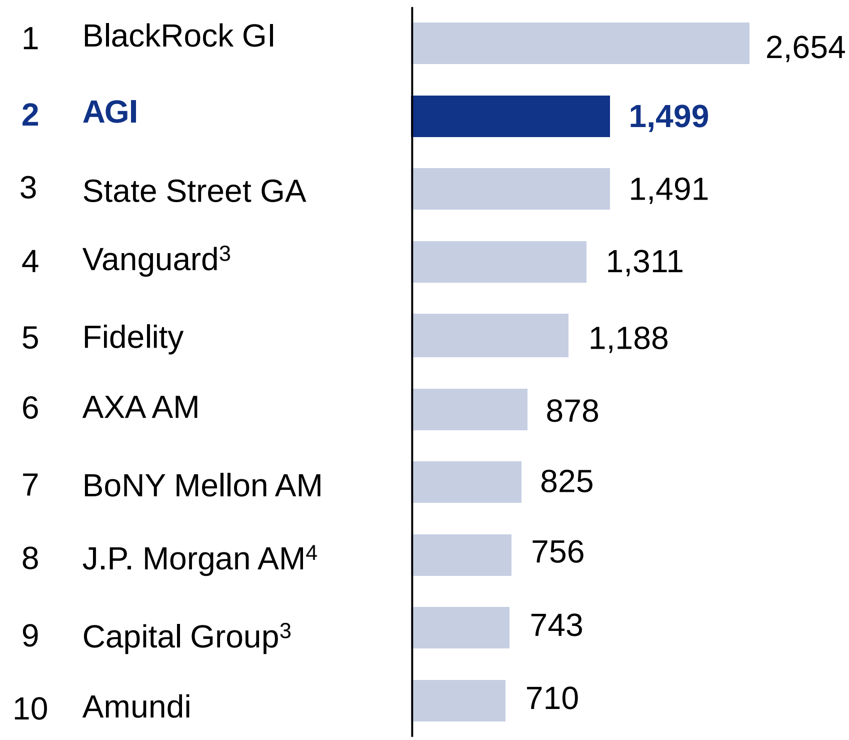
… in terms of scale, …

AuM ranking of world's largest asset managers (EUR bn)

End of 2001



End of 2010



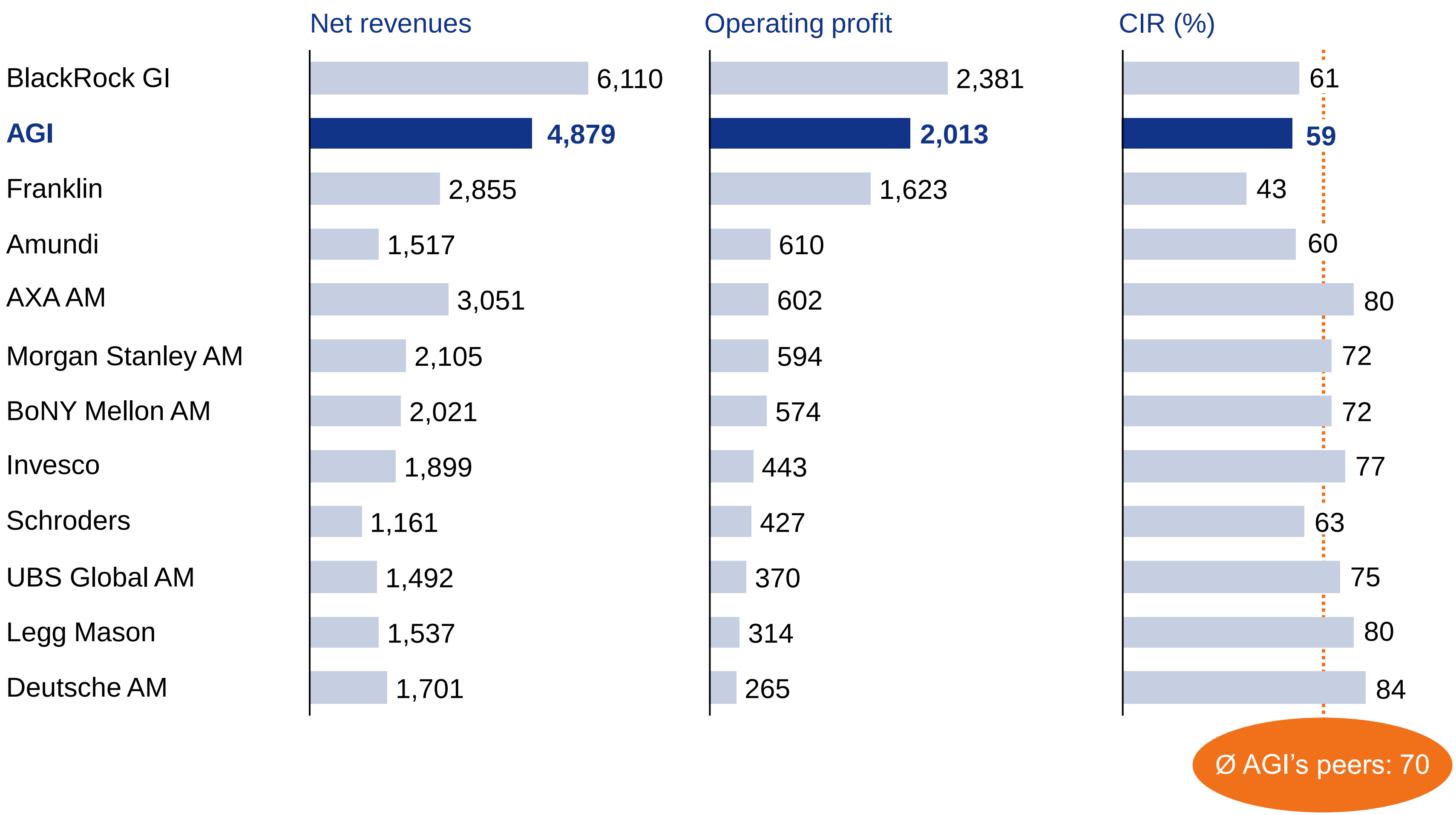
1) Only U.S. mutual fund AuM
2) AuM from asset and wealth management business
3) Only mutual fund AuM
4) Excluding AuM from private banking business

Source: Asset figures ("AuM") for this ranking are derived from several sources incl. publicly available company reports / information and own analysis.
Allianz / AGI: AuM related to the engagement as manager of the Federal Reserve's MBS purchase program have been excluded from analysis; exchange rates as at end of 2001 applied: GBP/EUR 0.60905, USD/EUR 0.88623; exchange rates as at end of 2010 applied: USD/EUR 1.34155

Allianz

… and in terms of financial success

EUR mn, 2010[1]

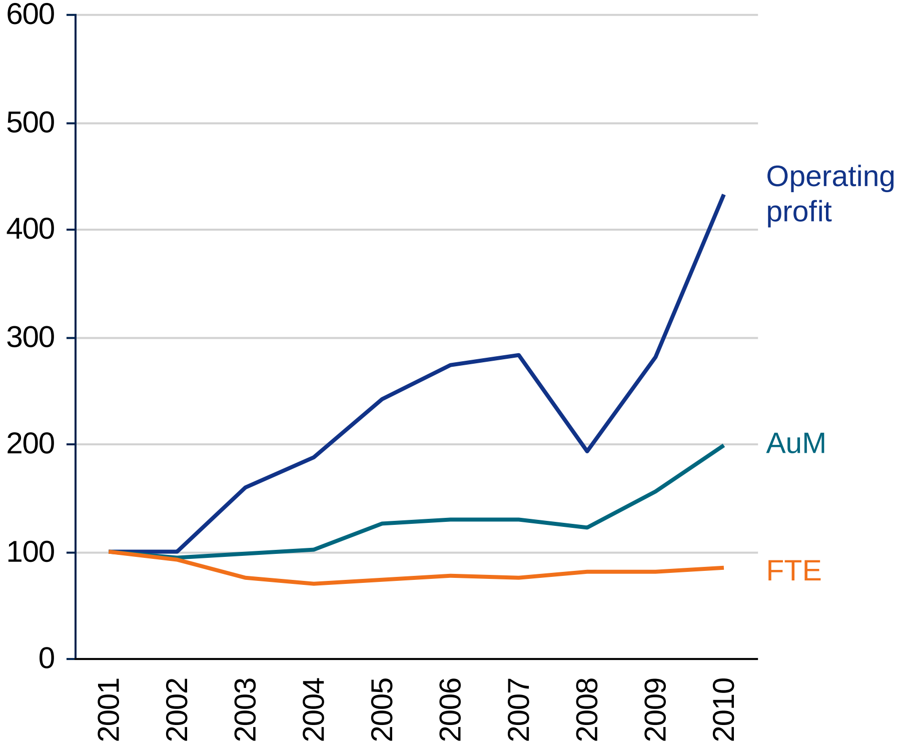


1) Peer figures occasionally adjusted for one-offs / extraordinary items

A

During its first decade AGI's profit more than quadrupled …

Business performance indicators
(2001 = 100)



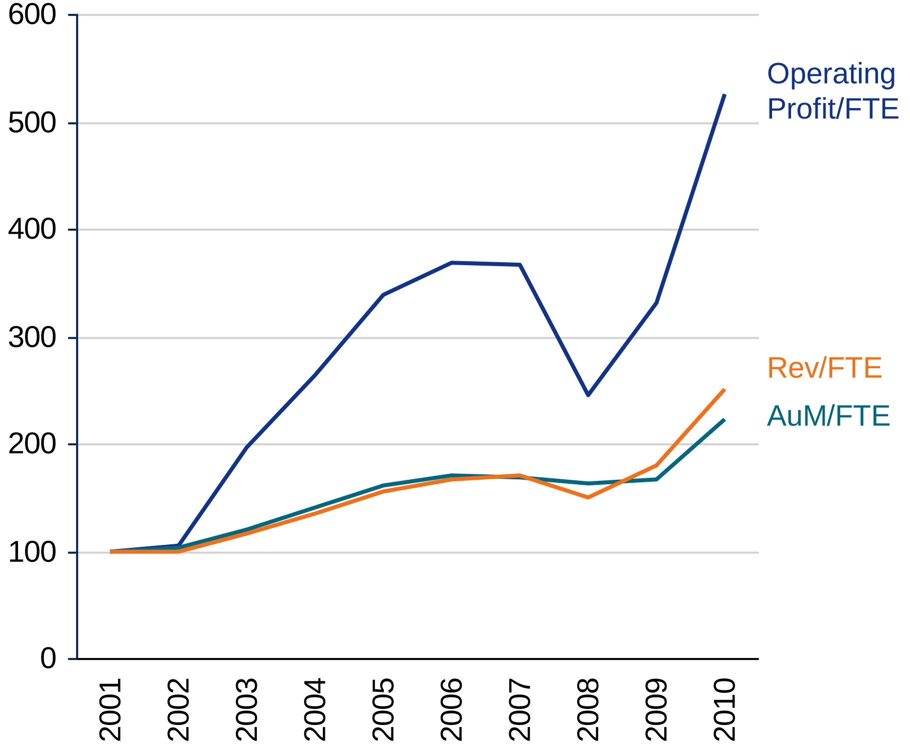
AGI's first 10 years

- Allianz started its asset management business as a collection of unrelated acquisitions
- Through the evolution in the last decade, AGI now serves as an effective and profitable asset management franchise for Allianz
- Result: AGI more than quadrupled operating profit while reducing headcount

Allianz

… and the productivity per employee more than quintupled

Key productivity indicators
(2001 = 100)



AGI's first 10 years

- Our business is an intellectual capital business, with people being our most important resource
- A key driver of success has been the allocation of human capital to priority activities
- Over the decade total headcount has been reduced by 16%
- Investment management head-count increased by 16%

- Result: continually increasing productivity in the top quartile of our peer group

Allianz

Success driver "strategy": a client centric business model …

On average, **80% of 3rd party assets out-performing** over the last decade

Passed **EUR 2bn operating profit** mark

Almost **EUR 500bn cumulated net inflows** in the last decade

2nd largest asset manager with **AuM at EUR 1.5tn**

… and strong investment managers

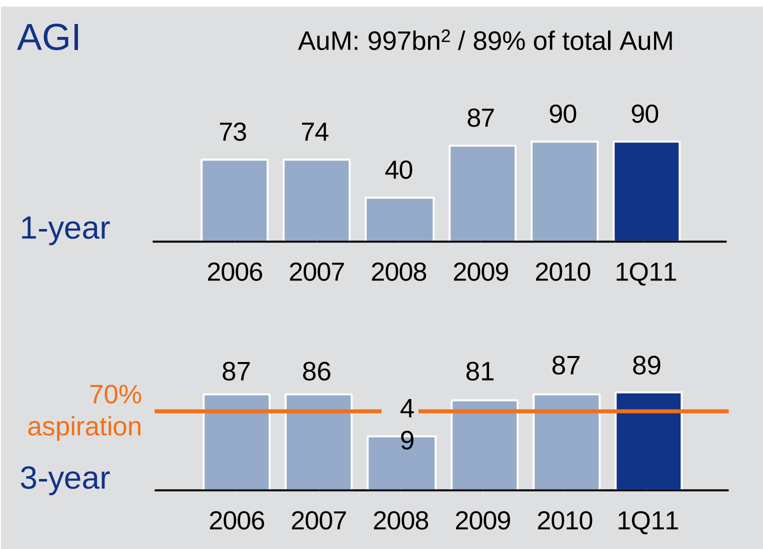
Allianz' investment managers

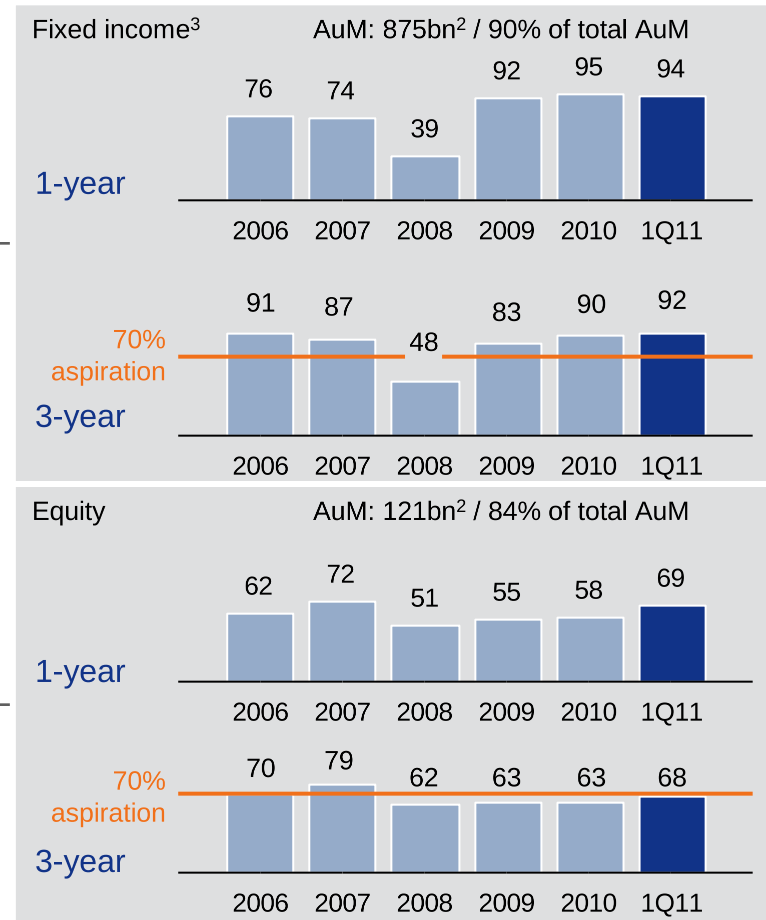
Global	
PIMCO	PIMCO
RCM	RCM
U.S.	
Allianz Global Investors	AGI Capital
Europe	
Allianz Global Investors	AGI Investments Europe
Asia	
Allianz Global Investors	AGI Asia Pacific

- Preservation and strengthening of unique investment cultures
- Entrepreneurial, autonomous investment teams supported by leading-edge infrastructure and central service functions
- Products cover all major equity and fixed-income investment styles, as well as balanced products and investment solutions

Success driver "performance": an extremely strong track-record …

3rd party account-based asset-weighted outperformance[1] (%)





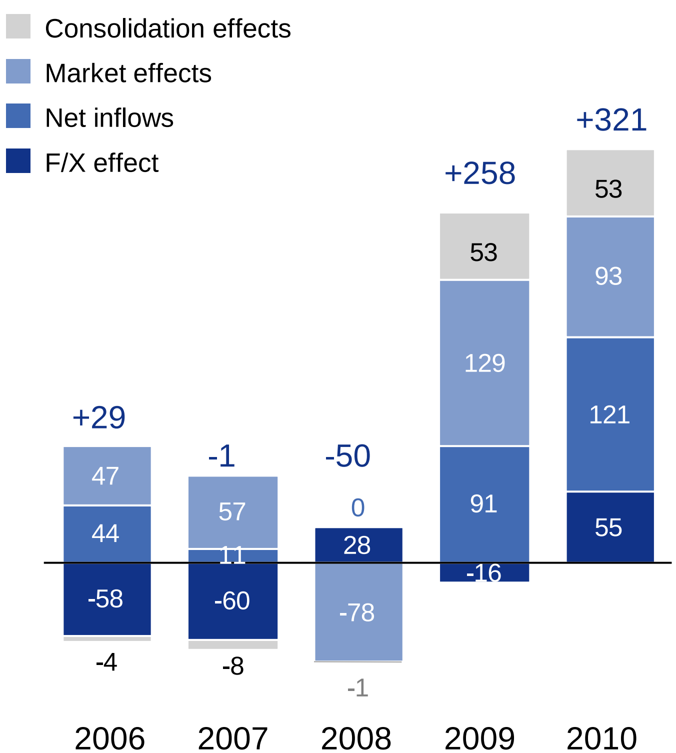
1) AGI account-based, asset-weighted 3-year investment performance of third party assets vs. benchmark including all accounts managed by equity and fixed income managers of AGI. For some retail equity funds the net of fee performance is compared to the median performance of an appropriate peer group (Morningstar or Lipper; 1st and 2nd quartile mean out-performance). For all other retail funds and for all institutional accounts performance is calculated gross of fees using closing prices (revaluated) where appropriate and compared to the benchmark of each individual fund or account. Other than under GIPS (Global Investment Performance Standards), the performance of closed funds/accounts is not included in the analysis. Accounts at AllianzGI Investments Europe, Zurich Branch and Joint-Venture GTJA China and in parts WRAP accounts are not considered. Not included until 3Q 2009: AllianzGI Taiwan, AllianzGI Singapore, AllianzGI Korea, AllianzGI Investments Europe Paris, AllianzGI Investments Europe Milan and Allianz Netherlands Asset Management.

2) AuM with 1-year performance benchmark
3) Established regular investment performance reporting for fixed income at AGI and AGI IT only recently and retroactively since 4Q08

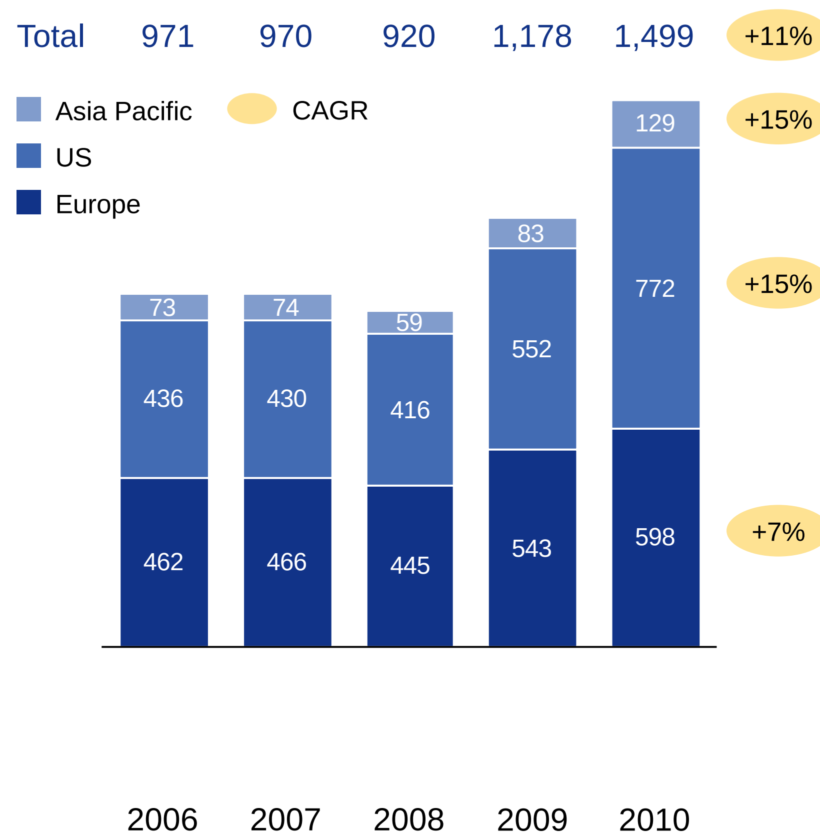
… resulting in record net inflows and AuM growth …

Total AuM development (EUR bn)

AuM drivers



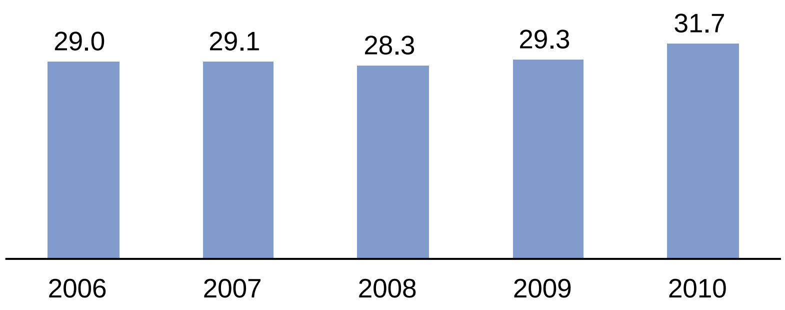
AuM by region



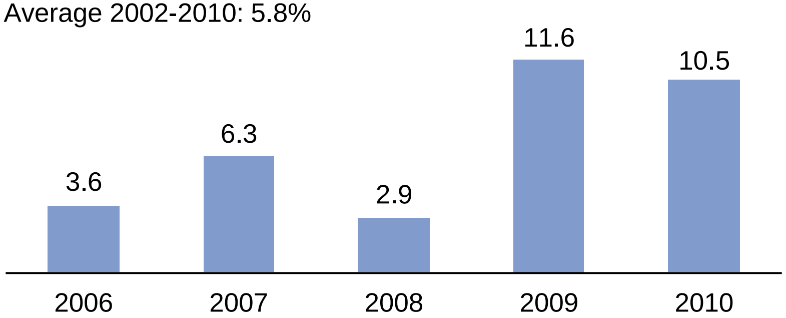
… driving performance fees and revenues …

Major revenue drivers

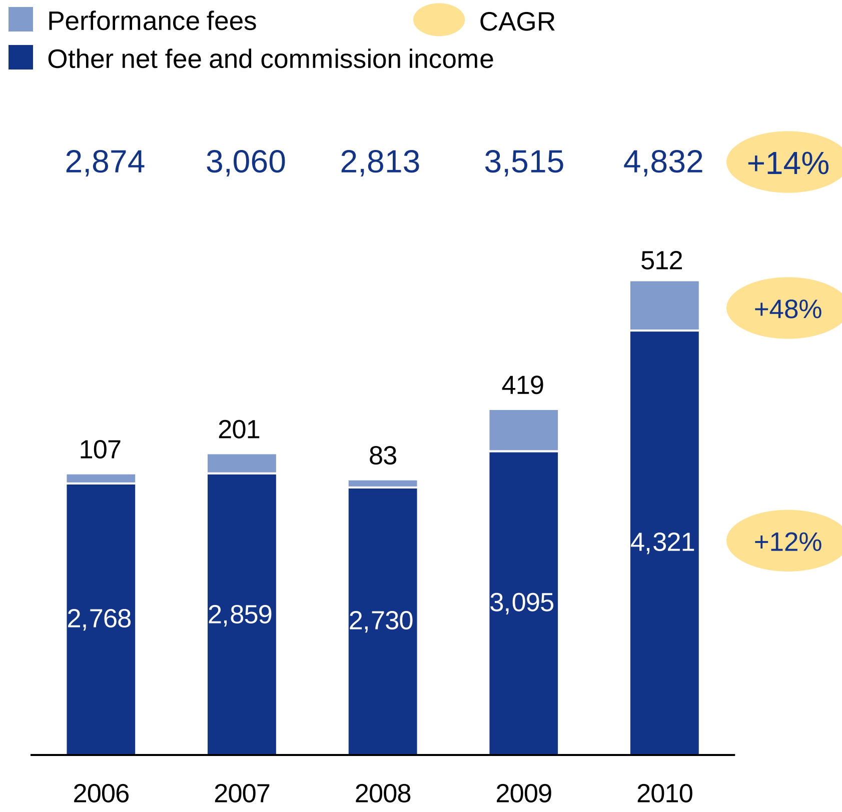
Other net fee and commission income in bps of total AuM



Performance fees in % of revenues
Average 2002-2010: 5.8%



Net fee and commission income (EUR mn)



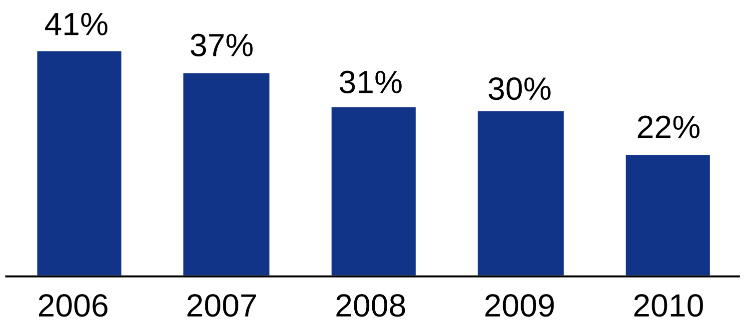
… supported by decreasing share of B-unit costs

Key figures

Remaining expenses: ~400mn[1]

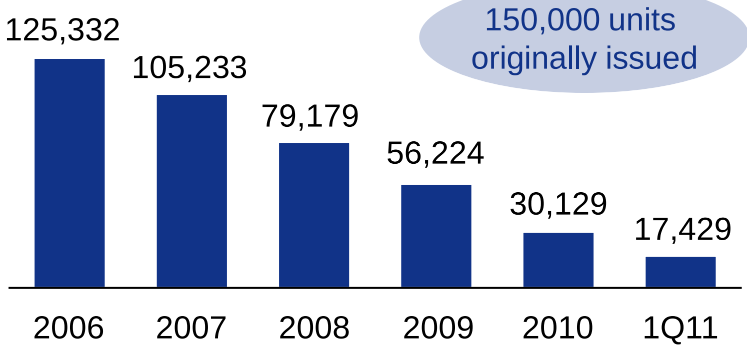
EUR mn	2006	2007	2008	2009	2010
Operating profit	1,276	1,322	904	1,362	2,013
B-unit expenses	523	488	278	403	440
Net income[2]	395	470	369	510	918

B-unit expenses in % of operating profit

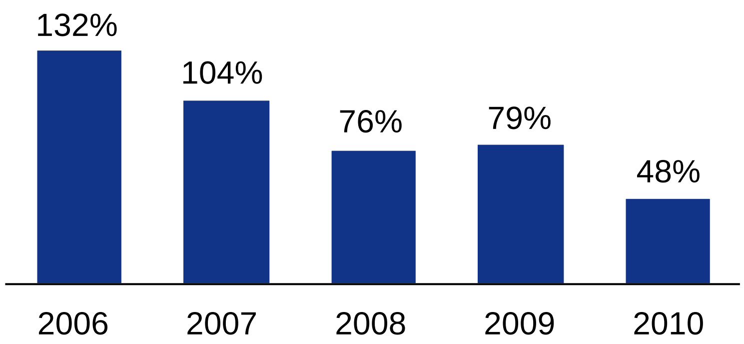


B-units outstanding

150,000 units originally issued



B-unit expenses in % of net income[2]



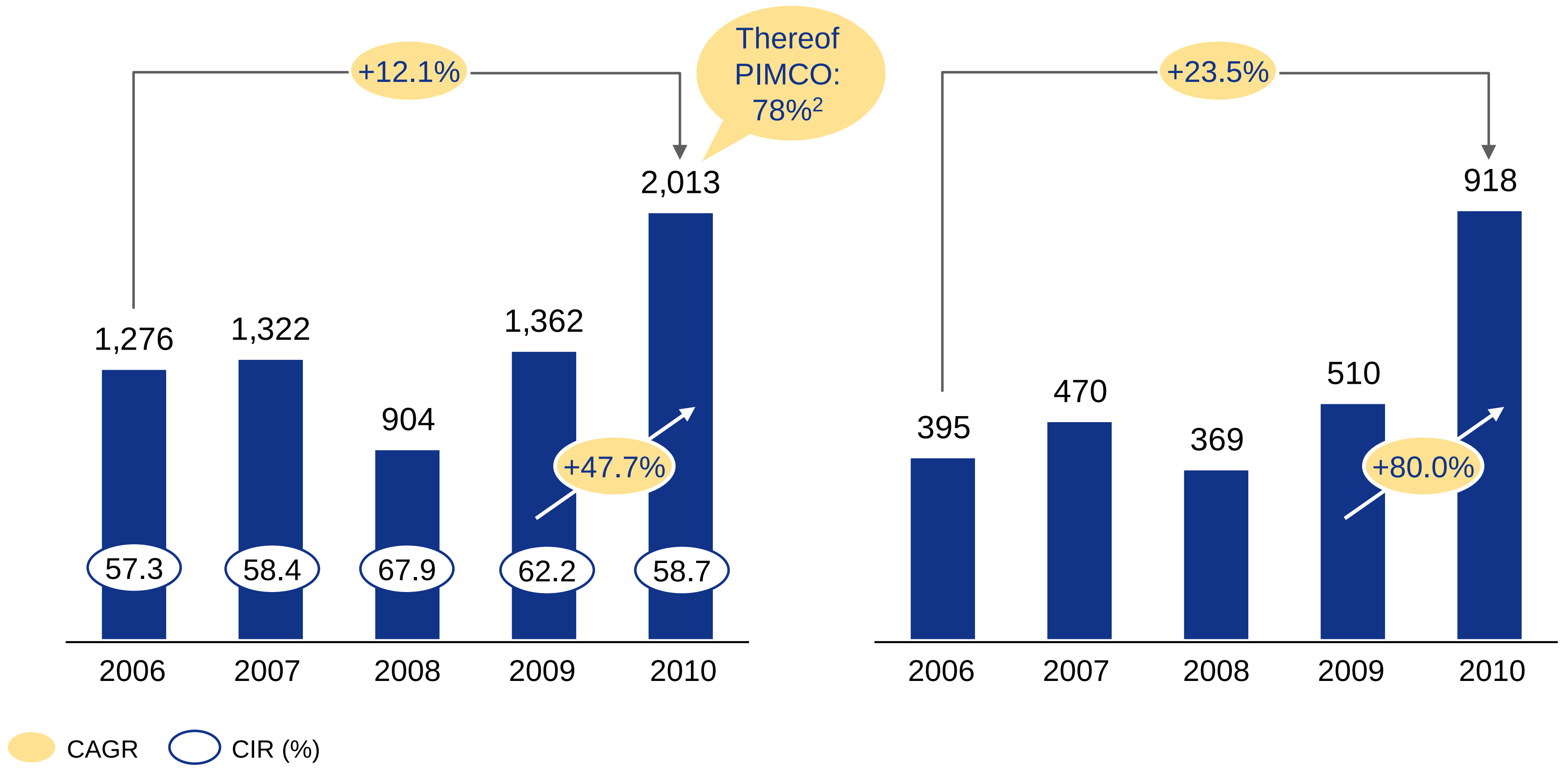
1) Estimate 2Q11 until end of program; estimate subject to assumptions, in particular regarding operating profit growth, USD/EUR development and B-unit repurchase schedule
2) Net income attributable to shareholders

Result: AGI weathered the financial crisis, exceeded pre-crisis profitability levels already in 2009 …

EUR mn

Operating profit

Net income[1]



1) Net income attributable to shareholders
2) Excluding Corporate / Other

… and delivered against targets

- **Added value for insurance assets**
  AGI in the meantime managing approx.
  EUR 354bn / 66% of Allianz Group assets ✓
- **Complementary solutions for pension market**
  Progressively effective collaboration between
  AM and Life segment ✓
- **Attractive financial returns**
  Operating profit EUR 2bn, net income shy of 1bn in 2010
  Trend confirmed in 1Q 2011 ✓
- **Exceed market growth**
  World's second largest asset manager with persistent
  strong organic growth ✓

A

Challenges – and opportunities!

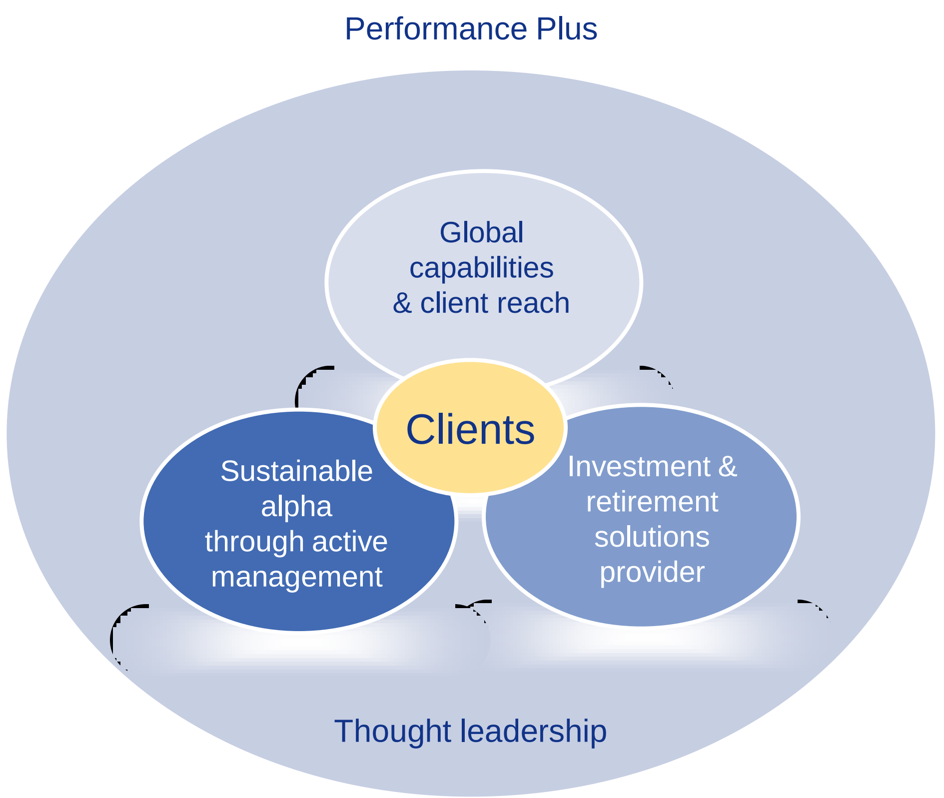
1	Active vs. passive	Focus on **active management capabilities**
2	Traditional vs. alternative	Focus on **solutions**
3	Emerging markets	Focus on strong **global presence**
4	Absolute return	Focus on **risk-management capabilities**

We will continue to build on our key strengths

Continuing success will require

- Having the right investment strategies with sustainable alpha
- Providing competitive investment and retirement solutions
- Increasing investment in technology in all aspects of our business
- Adapting to increasingly demanding clients
- Maintaining discipline in expense management and resource allocation
- Be the employer of choice for the best talent

Strategic positioning



Strategic priorities (1/2)

1 Distribution and client service

U.S.	▪ Build Allianz / AGI brand in the U.S. and strengthen position in the U.S. retirement market in cooperation with Allianz Life ▪ Enhance PIMCO's delivery of value to clients and market standing ▪ Align set-up of U.S. retail sales and client service organization to client requirements
Europe	▪ Grow cost-efficiently by penetrating new channels and product areas ▪ Further increase organizational efficiency across Europe (governance and legal structure, product portfolio) ▪ Expand PIMCO's ability to serve clients
Asia Pacific	▪ Enhance positioning in the Greater China region ▪ Selectively capture growth opportunities in emerging / non-core markets ▪ Expand PIMCO's ability to serve clients
Allianz	▪ Broaden service offer to our largest client Allianz to maintain positioning as provider of choice for managing Allianz' insurance assets

Strategic priorities (2/2)

2

Investment management and solutions

- Further broaden PIMCO's investment solutions and offerings across the capital structure
- Capture opportunities from shifting demand towards global and emerging markets and absolute return / outcome-oriented strategies
- Harness new opportunities for product innovations arising from regulatory changes (esp. UCITS III, IV)
- Enhance AGI's positioning as investment and retirement solution provider

3

People and resources

- Further position AGI as an employer of choice
- Ensure flexibility and efficiency of business set-up

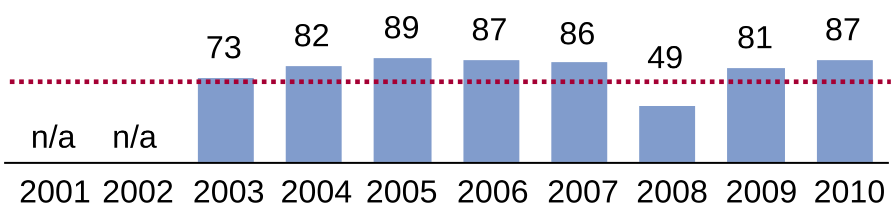
Allianz

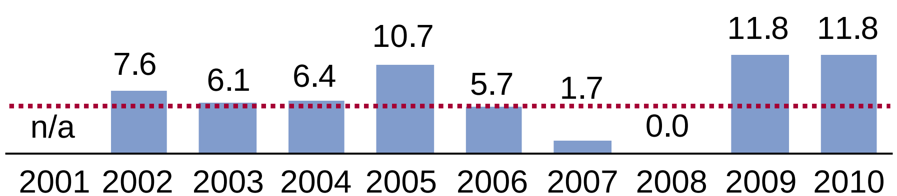
Our aspiration for the future: continuing excellence in all dimensions

Achievements 2001 – 2010 (in %)

Over a full market cycle

∅ 68% ∅ 64% ∅ 62% ∅ 62% ∅ 61%





AGI aspiration (over full cycle)

Operating profit growth 5% – 10% p.a.[1]

CIR ≤ 65%

3-year asset weighted outperformance ≥ 70%

∅ 3rd party net inflows ≥ 5%

1) Operating profit growth excluding f/x impact

Key takeaways

- One of the world's largest active asset managers
- Integral part of Allianz' business model
- Proven ability to outperform
- Best in class efficiency
- Contributing 22% to Allianz Group's operating profit[1]
- 5% – 10% annual operating profit growth aspiration[2]

Well prepared for continuing excellence!

1) 2010
2) Over full cycle; excluding f/x impact

Backup

B-unit program

Key terms of B-unit program

Timing, status quo and outlook

- 150,000 B-units issued between 2000 and 2005
- 17,429 units outstanding end of 1Q11
- Allianz may have bought all B-units until 2016
- Expected remaining P&L expenses: ~EUR 400mn[1]

Drivers of B-unit expenses

- OPAD development
- Put / call treatment
- Number of outstanding units
- Investment performance
- USD/EUR development

Background

- At the time of the PIMCO acquisition in 2000, PIMCO MDs had a right in 45% of operating profit available for distribution (OPAD)
- Allianz aimed to reduce the OPAD profit sharing to 30% and securitized the remaining 15% earnings stream as B-units
- B-units were issued to PIMCO MDs and represent their priority claim on 15% OPAD
- B-units can be acquired via put (PIMCO MDs) / call (Allianz) agreement

1) Estimate 2Q11 until end of program; estimate subject to assumptions, in particular regarding operating profit growth, USD/EUR development and B-unit repurchase schedule

M-unit program

Key terms of M-unit program

Timing, status quo and outlook

- 157,279 options outstanding and 3,651 M-units issued as per end of 1Q11
- If OPAD increases by ~85% until 2017
  - P&L expenses for options on M-units will amount to low triple digit million amounts annually
  - minority interests triggered by M-units will reach roughly 8.5%

Major drivers of M-unit expenses

- OPAD development
- Number of outstanding units
- USD/EUR development

Background

- Additional equity incentive plan for PIMCO senior investment / sales staff. Program started in 2008 via granting of options on M-units
- After vesting period options translate into M-units only in case of OPAD growth, otherwise options expire worthlessly
- As equity, M-units represent a share in PIMCO and are held in perpetuity
- Maximum program size are 250,000 M-units and options outstanding

PIMCO

Facts and figures (as at 31.12.2010)

- Assets under management: EUR 967bn
- Year founded: 1971
- 1,308 employees, thereof 320 investment professionals
- PIMCO is one of the leading fixed-income managers world-wide
- PIMCO has recently launched the first strategy in its new active equity lines
- In addition to its fixed income expertise, PIMCO is a leading provider of investment solutions across asset classes and risk exposures
- PIMCO's Total Return Fund is the largest mutual fund in the world, with over USD 240bn AuM

Investment strategies

- Absolute return
- All asset
- Alternatives
- Commodity real return
- Investment grade corporates
- Diversified income
- CBO / CLO
- Emerging markets
- Equities
- Global
- High yield
- Long duration
- Low duration
- Moderate duration
- Asset allocation
- Money market
- Mortgages
- Municipals
- Real return
- StocksPLUS
- StocksPLUS TR
- Total return
- Enhanced cash
- Stable value
- Real estate real return

Inv. vehicles

- Separate accounts
- Mutual funds
- Private funds
- ETF´s

Management

Mohamed El-Erian (CEO / co-CIO)

Bill Gross (co-CIO)

Offices

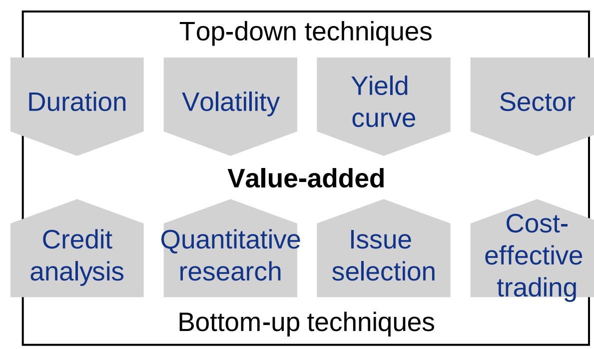
Newport Beach (HQ)

Tokyo	Singapore
New York	Toronto
London	Munich
Sydney	Amsterdam
Zurich	

Investment philosophy and approach

3 key principles

1. Making superior shifts in portfolio strategy based on long-term or secular trends
2. Avoiding extreme swings in either maturity or duration in fixed income portion of business to achieve a consistent investment performance
3. Gaining added value through a combination of multiple, diversified strategies with volatility analytics and adjustments to traditional variables



Contact

Pacific Investment Management Company (PIMCO) LLC

840 Newport Center Drive
Suite 300
Newport Beach CA 92660, USA

www.pimco.com

RCM

Facts and figures (as at 31.12.2010)

- Assets under management: EUR 98bn[1]
- Year founded: 1970
- 477 employees, thereof 270 investment professionals
- RCM is a global asset manager operating from six international offices with a range of investment solutions spanning the market cap and style spectrum for institutions and individual clients

Investment strategies

- Regional / country equity strategies
- Global equity strategies
- Emerging markets equity
- Thematic and sector strategies
- Total return and multi asset

Management

Udo Frank (Global CEO), Andreas Utermann (Global CIO), Raymond Chan, Neil Dwane, Jacques Garmier, Robert Goldstein, Michael Hooper, Mark Konyn, Scott Migliori, Roger Miners, Herold Rohweder

Offices

San Francisco	London
Hong Kong	Sydney
Frankfurt	Tokyo

Investment philosophy and approach

We believe that by generating and exploiting an information advantage, we will be able to drive superior and consistent investment results for the benefit of our clients. A philosophy we call "RCM Informed"

It is a philosophy that we apply to all areas of our company, from investment management to our commitment to engage proactively and dynamically with clients in partnership

The result is a company with many distinctive features, including:

1. A truly global structure
2. An emphasis on innovative proprietary research
3. A boutique culture

Value added chain

Research	Portfolio construction	Implementation
Analysts	Portfolio managers	Traders
Stock selection ⇨	Portfolio parameters Risk management ⇨	Dealing ⇨
⬇	⬇	⬇
Identify winners	True to label	Optimal execution
RIMS, Starmine, Stock votes, Price targets, Grassroots℠	Wilshire, BARRA, Style Research, FACTSETS	PLEXUS, ITG

Performance

Contact

RCM

555 Mission Street
San Francisco, CA 94105, USA

London office:
155 Bishopsgate, 1F
London EC2M 3AD, UK

www.rcm.com

1) Assets reported under the brand name RCM

Allianz Global Investors Capital

Facts and figures (as at 31.12.2010)

- Assets under management: EUR 37bn
- Year founded: 2010
- 272 employees, thereof 92 investment professionals
- Allianz Global Investors Capital reflects the successful integration of NFJ Investment Group, Nicholas-Applegate Capital Management and Oppenheimer Capital to allow a closer working collaboration among business development, client service, legal / compliance, marketing, operations, risk management and technology

Investment strategies

- Alternatives
- Growth equity
- Income and growth
- NFJ value equity
- Non-US equity
- Systematic equity

Management

Marna Whittington (CEO)
Horacio Valeiras (CIO)
Barbara Claussen (MD)
Ben Fischer (MD)
Geoff Mullen (MD)

Offices

San Diego (HQ)
Dallas
New York
London

Investment philosophy and approach

- AGI Capital will deliver clarity and reliability through the deliberate design of our organizational structure, investment processes, talent development and support functions
- The hallmark of our business structure is entrepreneurial, autonomous investment teams, supported by leading-edge infrastructure
- We aim to be best-in-class, not only in investment innovation and execution, but also in oversight and service functions such as risk management and client reporting

Products

- Absolute return
- Portable alpha
- Tail-risk hedging
- Long / short equity
- Large cap growth
- Mid cap growth
- Small cap / SMID growth
- Micro / ultra micro growth
- High yield
- Convertibles
- Emerging markets systematic

- Large cap value
- Mid cap value
- Small cap value
- Non-US / global value
- Global growth
- Non-US growth
- Non-US small cap growth
- Large/mid/small/SMID systematic
- Growth / core systematic
- Non-US / global systematic

Contact

Allianz Global Investors Capital LLC

600 W. Broadway
San Diego
CA 92101, USA

www.allianzgic.com

Allianz

Key figures AM segment
(P&L in EUR mn / AuM in EUR bn)

Key figures AM segment	2006	2007	2008	2009	2010	1Q11	Δ 1Q11/10 (%)	ΔFY10/09 (%)
Net fee and commission income	2,924	3,133	2,874	3,590	4,927	1,256	14	37
- thereof performance feees	107	206	83	421	514	56	-56	22
Operating revenues	3,044	3,259	2,894	3,689	4,986	1,273	14	35
Operating profit	1,290	1,356	926	1,401	2,060	528	13	47
Non-operating items	-555	-491	-293	-499	-455	-99	-52	-9
- thereof acquisition related expenses	-532	-488	-278	-403	-440	-95	-52	9
Income before tax	735	865	633	902	1,605	429	66	78
Income taxes	-278	-342	-249	-359	-659	-120	3	84
Net income	457	523	384	543	946	309	116	74
- attributable to non-controlling interests	-53	25	5	5	0	3	-	-100
- attributable to shareholders	404	498	379	538	946	306	105	76
Cost income ratio (% / Δ%-p)	57.6	58.4	68.0	62.0	58.7	58.5	0.3	-3.3
3rd party AuM (e.o.p.)	**764**	**765**	**703**	**926**	**1,164**	**1,138**	**11**	**26**
- Net flows	36	10	0	84	113	14	-62	35
- Market effects	43	52	-86	109	82	12	-54	-25
- Conso effects	-1	-2	-5	37	-11	-1	-86	-
- f/x effects	-57	-59	29	-7	54	-51	-	-
- Split US/DE/EU ex DE/AP/other (% / Δ%-p)*	57/15/15/8/5	56/15/15/8/5	59/12/17/7/4	59/14/16/8/3	62/11/15/10/2	62/11/15/10/2	+1/-2/-1/+1/0	+3/-2/-1/+2/-1
- Split institutional/retail clients (% / Δ%-p)	60/40	63/37	74/26	68/32	66/34	66/34	-1/+1	-2/+2
Total AuM (e.o.p.)	**1,012**	**1,010**	**951**	**1,202**	**1,518**	**1,492**	**14**	**26**
- Net flows					121	15		
- Market effects					94	11		
- Conso effects					46	2		
- f/x effects					55	-54		

*) PGAs allocated to respective regions

Allianz

Key figures AGI
(P&L in EUR mn / AuM in EUR bn)

Key figures AGI	2006	2007	2008	2009	2010	1Q11	Δ 1Q11/10 (%)	ΔFY10/09 (%)
Net fee and commission income	2,874	3,060	2,813	3,515	4,832	1,235	15	37
- thereof performance feees	107	201	83	419	512	56	-56	22
Operating revenues	2,989	3,178	2,820	3,599	4,879	1,250	15	36
Operating profit	1,276	1,322	904	1,362	2,013	518	15	48
Non-operating items	-556	-493	-287	-499	-456	-100	-52	-9
- thereof acquisition related expenses	-532	-491	-278	-403	-440	-95	-51	9
Income before tax	720	829	617	863	1,556	419	71	80
Income taxes	-276	-337	-246	-354	-638	-118	18	80
Net income	444	492	371	510	918	300	107	80
- attributable to non-controlling interests	49	22	2	0	0	1	-	-
- attributable to shareholders	395	470	369	510	918	299	106	80
Cost income ratio (% / Δ%-p)	57.3	58.4	67.9	62.2	58.7	58.5	0.2	-3.4
3rd party AuM (e.o.p.)	**723**	**725**	**673**	**902**	**1,145**	**1,120**	**11**	**27**
- Net flows	37	11	0	83	113	14	-63	36
- Market effects	40	52	-81	110	81	12	-53	-26
- Conso effects	-4	-2	-1	52	-4	0	0	-
- f/x effects	-57	-59	29	-16	54	-51	-	-
- Split US/DE/EU ex DE/AP (% / Δ%-p)*	60/16/15/9	59/16/16/9	62/13/18/8	61/14/17/8	63/11/15/10	63/11/15/10	+1/-2/-1/+1	+2/-3/-1/+2
- Split institutional/retail clients (% / Δ%-p)	62/38	65/35	75/25	68/32	67/33	67/33	-1/+1	-2/+2
Total AuM (e.o.p.)	**971**	**970**	**920**	**1,178**	**1,499**	**1,474**	**14**	**27**
- Net flows	44	11	0	91	121	14	-66	32
- Market effects	47	57	-78	129	93	12	-64	-28
- Conso effects	-4	-8	-1	53	53	3	-	-1
- f/x effects	-58	-60	28	-16	55	-54	-	-
- Split US/DE/EU ex DE/AP (% / Δ%-p)*	45/28/20/8	44/28/20/8	45/27/21/6	47/26/20/7	51/21/19/9	51/21/19/8	+3/-4/0/+1	+5/-5/-1/+2

*) PGAs allocated to respective regions

Allianz

Key figures AGI business lines
(P&L in EUR mn / AuM in EUR bn)

Fixed income

AGI / business line fixed income*	**2006**	**2007**	**2008**	**2009**	**2010**	**1Q11**	**Δ 1Q11/10 (%)**	**ΔFY10/09 (%)**
Operating profit	776	838	798	1,186	1,735	461	22	46
Cost income ratio (% / Δ%-p)	50.4	50.3	52.8	49.9	48.7	49.7	1.7	-1.1
3rd party AuM (e.o.p.)	**560**	**559**	**574**	**766**	**989**	**969**	**13**	**29**
- Net flows	31	12	10	91	114	17	-53	25
- Market effects	20	39	-25	82	64	9	-55	-22
- Conso effects	0	-2	2	34	-3	0	-	-
- f/x effects	-49	-50	27	-15	49	-47	-	-
- Share of outperforming AuM** (% / Δ%-p)	91	87	48	83	90	92	4	7
- Split US/DE/EU ex DE/AP (% / Δ%-p)***	65/12/14/10	65/11/15/9	66/9/17/8	66/9/17/8	68/6/16/10	68/7/16/10	0/-1/0/+1	+2/-2/-1/+2
- Split institutional/retail clients (% / Δ%-p)	66/34	69/31	79/21	70/30	68/32	68/32	-2/+2	-2/+2
Total AuM (e.o.p.)	**763**	**767**	**801**	**1,026**	**1,323**	**1,303**	**15**	**29**
- Net flows	32	14	18	106	121	18	-54	14
- Market effects	21	42	-11	98	72	8	-69	-26
- Conso effects	2	-2	1	35	54	3	-	53
- f/x effects	-50	-51	26	-15	50	-50	-	-
- Split US/DE/EU ex DE/AP (% / Δ%-p)***	47/25/19/8	48/25/19/7	47/26/21/6	49/23/20/7	54/18/19/8	54/19/19/8	+3/-3/0/+1	+5/-5/-1/+2

Equities

AGI / business line equities*	**2006**	**2007**	**2008**	**2009**	**2010**	**1Q11**	**Δ 1Q11/10 (%)**	**ΔFY10/09 (%)**
Operating profit	135	147	64	14	126	34	30	810
Cost income ratio (% / Δ%-p)	71.9	72.0	84.0	96.2	74.1	73.5	-3.6	-22.2
3rd party AuM (e.o.p.)	**162**	**165**	**98**	**136**	**156**	**151**	**3**	**15**
- Net flows	6	0	-11	-8	-1	-3	-	-90
- Market effects	19	13	-56	28	17	3	-46	-38
- Conso effects	-4	0	-2	18	-1	-1	-	-
- f/x effects	-8	-9	2	-1	5	-4	-	-
- Share of outperforming AuM**	70	79	62	63	63	68	7	0
- Split US/DE/EU ex DE/AP (% / Δ%-p)***	45/30/20/6	38/32/21/8	39/33/20/7	33/43/16/8	34/43/13/10	36/42/12/10	+2/-2/-2/+2	+1/0/-3/+2
- Split institutional/retail clients (% / Δ%-p)	48/52	50/50	53/47	56/44	56/44	56/44	-1/+1	-2/+2
Total AuM (e.o.p.)	**207**	**203**	**118**	**152**	**176**	**171**	**4**	**15**
- Net flows	11	-3	-18	-14	0	-4	-	-98
- Market effects	26	15	-67	31	20	3	-42	-36
- Conso effects	-7	-6	-1	18	-1	0	-	-
- f/x effects	-8	-10	2	-1	5	-4	-	-
- Split US/DE/EU ex DE/AP (% / Δ%-p)***	35/39/20/6	31/39/22/8	33/37/23/7	30/45/17/8	31/45/15/9	30/46/16/8	+2/-6/+2/+2	+1/0/-3/+2

*) Divisional view for financials, lines of business view for AuM-related data
**) 3-year 3rd party account-based asset-weighted outperformance
***) PGAs allocated to respective regions

RCM and AGI Capital as successful entities in AGI's universe

Andreas Utermann

Member of the Board of AGI and
Global Chief Investment Officer RCM

New York, July 21, 2011

Capital Markets Day

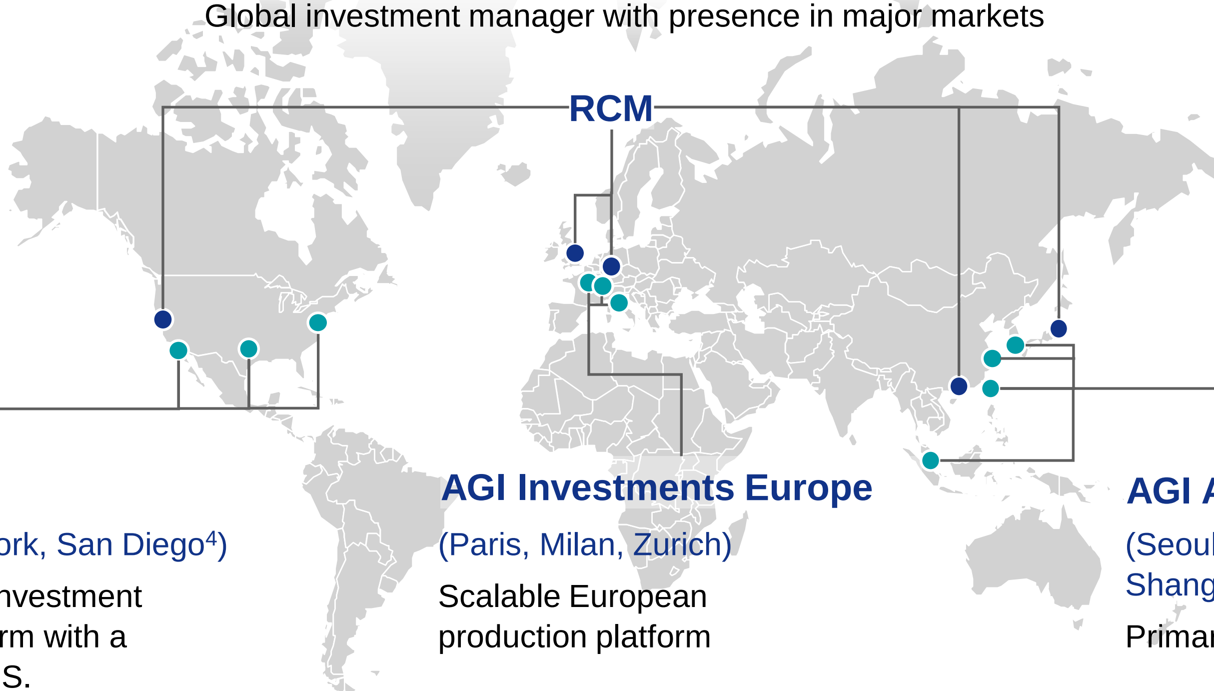
Allianz

AGI's[1] investment management platforms around the globe[2] …

RCM global investment platform

(Frankfurt, London, San Francisco, Hong Kong, Tokyo[3])

Global investment manager with presence in major markets



AGI Capital

(Dallas, New York, San Diego[4])

Multi-strategy investment management firm with a focus on the U.S.

AGI Investments Europe

(Paris, Milan, Zurich)

Scalable European production platform

AGI Asia Pacific

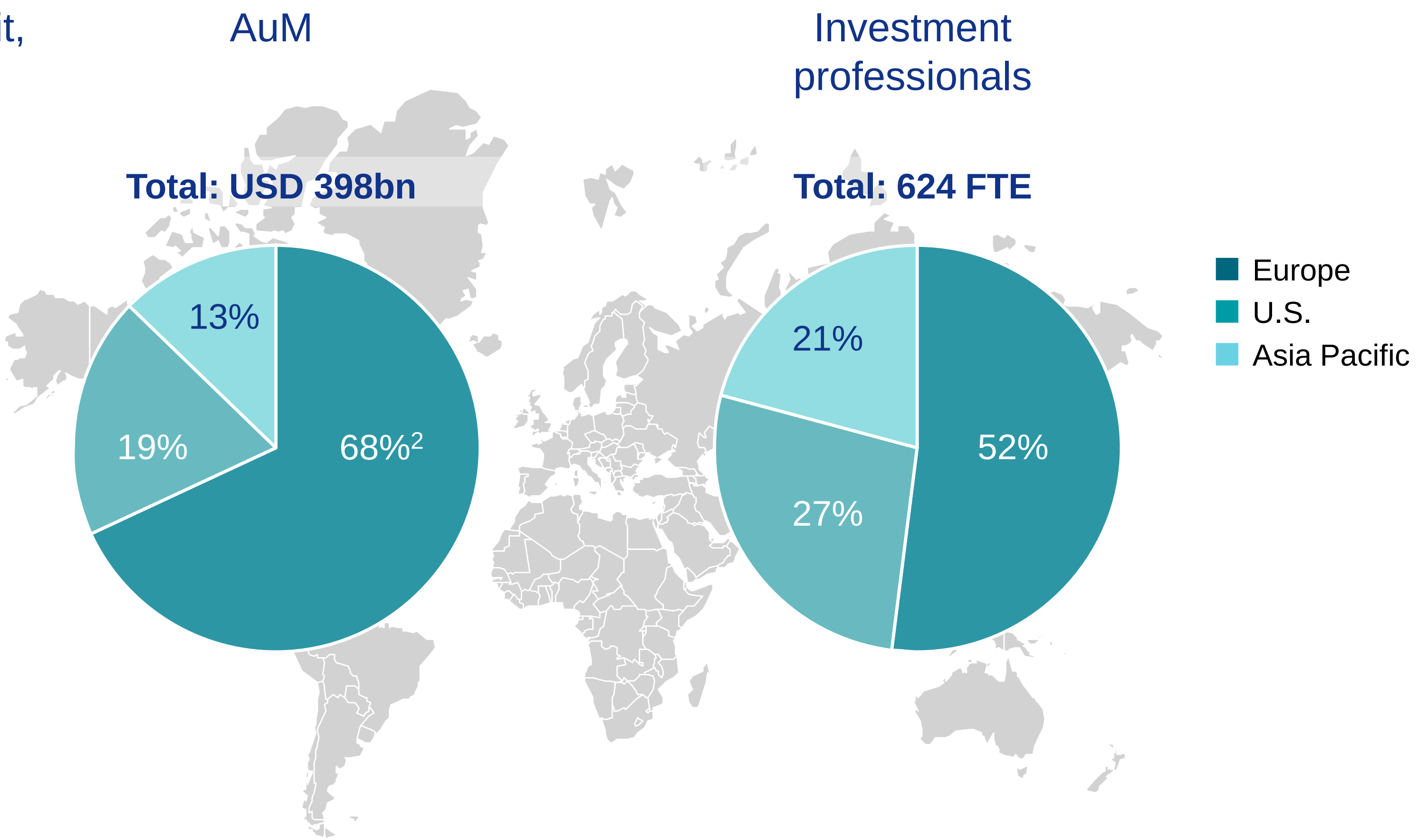
(Seoul, Taipei, Shanghai, Singapore)

Primarily local production

1) "AGI" refers to "Allianz Global Investors" and / or the Allianz Global Investors group of companies
2) Excluding PIMCO
3) Additional distribution office in Sydney
4) Additional distribution office in London

… with a sizeable presence in all major markets[1]

Regional split, 1Q 2011



1) RCM, AGI Capital, AGI Investments Europe, AGI Asia Pacific
2) Excluding German fixed income assets

Allianz

AGI with broad investment capabilities meeting client demands

Investment platform	Key characteristics and strengths	Strategies / capabilities
RCM	▪ Global asset manager ▪ Strong fundamental orientation ▪ Emphasis on innovative proprietary research – Grassroots[SM 1] research ▪ Generating information advantage as a cornerstone of the investment process (RCM [Informed]) ▪ Strong equity and multi-asset capabilities ▪ Over 270 investment professionals globally ▪ USD 133bn assets under management	Country / regional equity; Global / non-U.S. equity; Emerging markets equity; Themes and sector strategies; Multi asset total return Investment solutions spanning a wide market cap and style spectrum
AGI Capital	▪ Multi-strategy investment management firm ▪ Entrepreneurial, autonomous investment teams supported by leading-edge infrastructure ▪ Pursuit of sustainable alpha coupled with disciplined risk management ▪ Rooted in equity markets ▪ NFJ as a strong value platform ▪ 92 investment professionals ▪ USD 53bn assets under management	U.S. equity; Global / non-U.S. equity; Systematic equity Strategies spanning a wide market cap and style spectrum Alternatives: Absolute return; Covered call; Market neutral; Portable alpha Income and growth: Convertibles; High yield; Income and growth

1) Grassroots[SM] research is a division of RCM. Research data used to generate Grassroots[SM] research recommendations is received from reporters and field force investigators who work as independent contractors for broker-dealers. Those broker-dealers supply research to RCM and certain of its affiliates that is paid for by commissions generated by orders executed on behalf of RCM's clients

AGI's capabilities and performance well recognized in the market

Corporate awards 2010 / 2011 (highlights)

- RCM – "Equities Manager of the Year 2011" – European Pensions
- RCM – "European Equity Manager of the Year" – Global Investor
- "Best Asset Manager" and "5-star rating" – Capital magazine (Germany)
- "Best Asset Manager" in Germany 2010 – Thomson Reuters Extel Surveys
- "Best Asset Manager - Bonds" in Germany and Austria – Feri Awards
- Morningstar Fund House Awards in Europe:
  - "Favourite Asset Manager" for institutional clients in France
  - "Best Large FI Fund House" and "Best Multi Asset Fund House" in Switzerland
  - "Best Large FI Fund House" in the U.K.
- "Best International Fund Group" – International Fund and Product Awards
- "Excellence in Institutional Asset Management in Europe 2010", "Best Asset Manager" in Germany and Italy – Financial News Awards

Product awards 2010 / 2011 (highlights)

- Euro Finanzen Awards: 41 fund awards
- FONDSprofessionell: 16 fund awards in Germany, 13 fund awards in Austria
- Lipper Fund Awards: 38 fund awards in 8 countries in Europe and Asia
- Morningstar Fund Awards: 6 fund awards in Europe 1st places for "Allianz RCM Euroland Equity Growth" and "Allianz Euro High Yield R"
- EUROSIF: "Allianz RCM Global Sustainability" and "Allianz Euroland Equity SRI" awarded for European SRI Transparency Code
- Grand prix de l'Agefi: 1st place in "HY Bonds" for AGI Investments Europe fund "Allianz Euro High Yield", 1st place in "U.S. Equity" for "Allianz RCM U.S. Equity Fund"
- 11 4/5-star Morningstar rated funds in the U.S.

Future areas of focus for AGI Capital and RCM

Coordinated product portfolio management

AGI Capital

Focus on high performing strategies

- Convertibles
- Dividend value
- Emerging growth / micro cap
- High yield
- International small cap growth
- International value
- Small cap growth
- Structured alpha

RCM

Strengthen capabilities in major growth areas

- Global emerging market
- Sustainability
- Global multi asset
- Global alternatives (e.g., long-short strategies)
- Fixed income (on ad hoc basis)

Specific products illustrating the diversity and strength of AGI's offering

1. AGI Capital value strategies
2. AGI Capital U.S. High Yield
3. RCM China
4. RCM Global Technology

1 AGI Capital / NFJ Dividend Value – overview

Key characteristics

- Established product with a proven track record (i.e. consistent alpha over a full market cycle)
- Team of experienced investment professionals (17 years experience on average)
- Contrarian investment philosophy based on a disciplined investment process emphasizing on dividends, attractive valuations and rigorous risk management
  - Diversified portfolio of dividend-paying companies with low relative and absolute valuations
  - Analysis of facts is the best way to outperform in efficient markets

Target customer

Retail

- Wirehouses and broker / dealers
- DC platforms
- Fund of funds

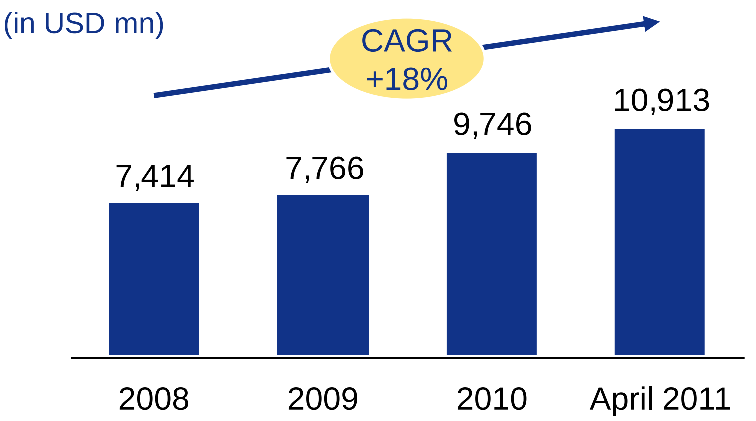
Institutional

- Corporate pension funds
- Sovereign wealth funds
- Foundation and endowments
- Insurance

Investment objectives

- Outperformance of Russell 1000 Value
- Dividend Value invests into value stocks of the biggest U.S. corporations

AuM development



1 NFJ as a contrarian equity management team with a disciplined and consistent value investment process

NFJ's investment process

Initial screening

Primary screen
- Dividend yield
- Valuation ranking

Negative screens
- Price momentum
- Earnings revision
- Insider trading

Diversification
- Categorize stocks by industry and rank by valuation

Fundamental research

Financial analysis
- Balance sheet
- Cash flow
- Earnings
- Dividends
- Additional fundamental metrics

Risk assessment of portfolio candidates

Portfolio construction

Buy discipline
- Low valuations
- High dividend yield
- Diversification across industries
- Additional metrics

Sell discipline
- Absolute valuation
- Relative valuation
- Takeout
- Quality deterioration
- Extremely poor price momentum

Alpha potential

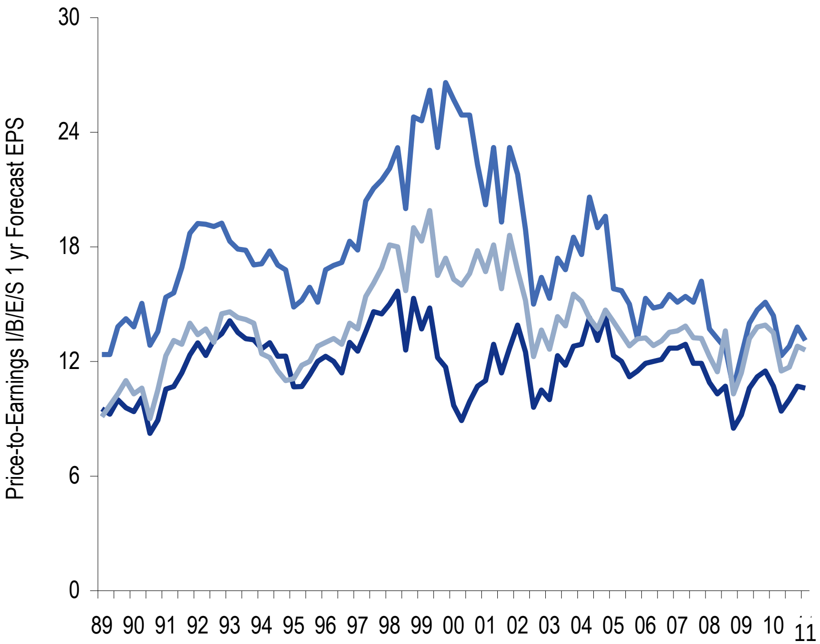
Ongoing universe screening

1 Investment process reflected in a portfolio of dividend-paying companies with low valuations

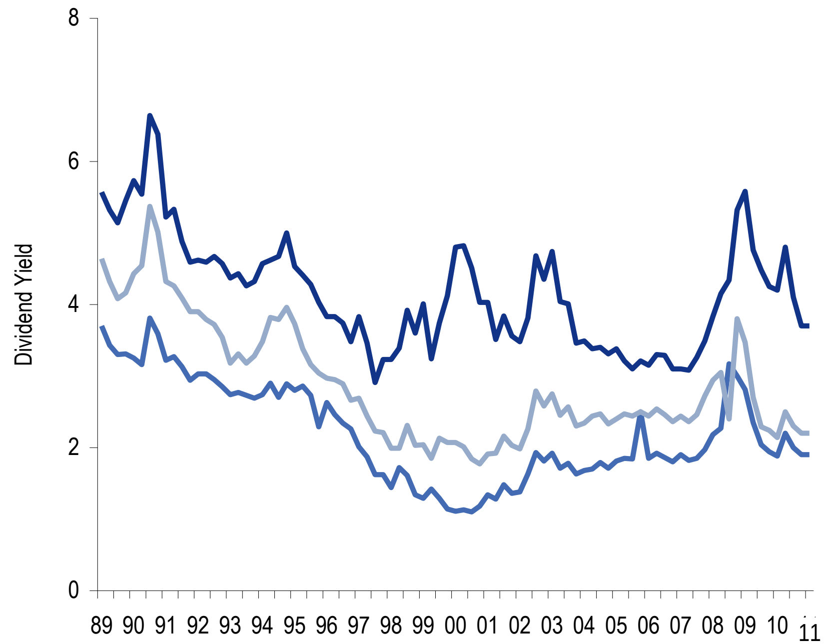
AGI Capital / NFJ Dividend Value relative to benchmark and market

September 1989 through March 2011

Lower price to earnings ratio



Higher dividend yield



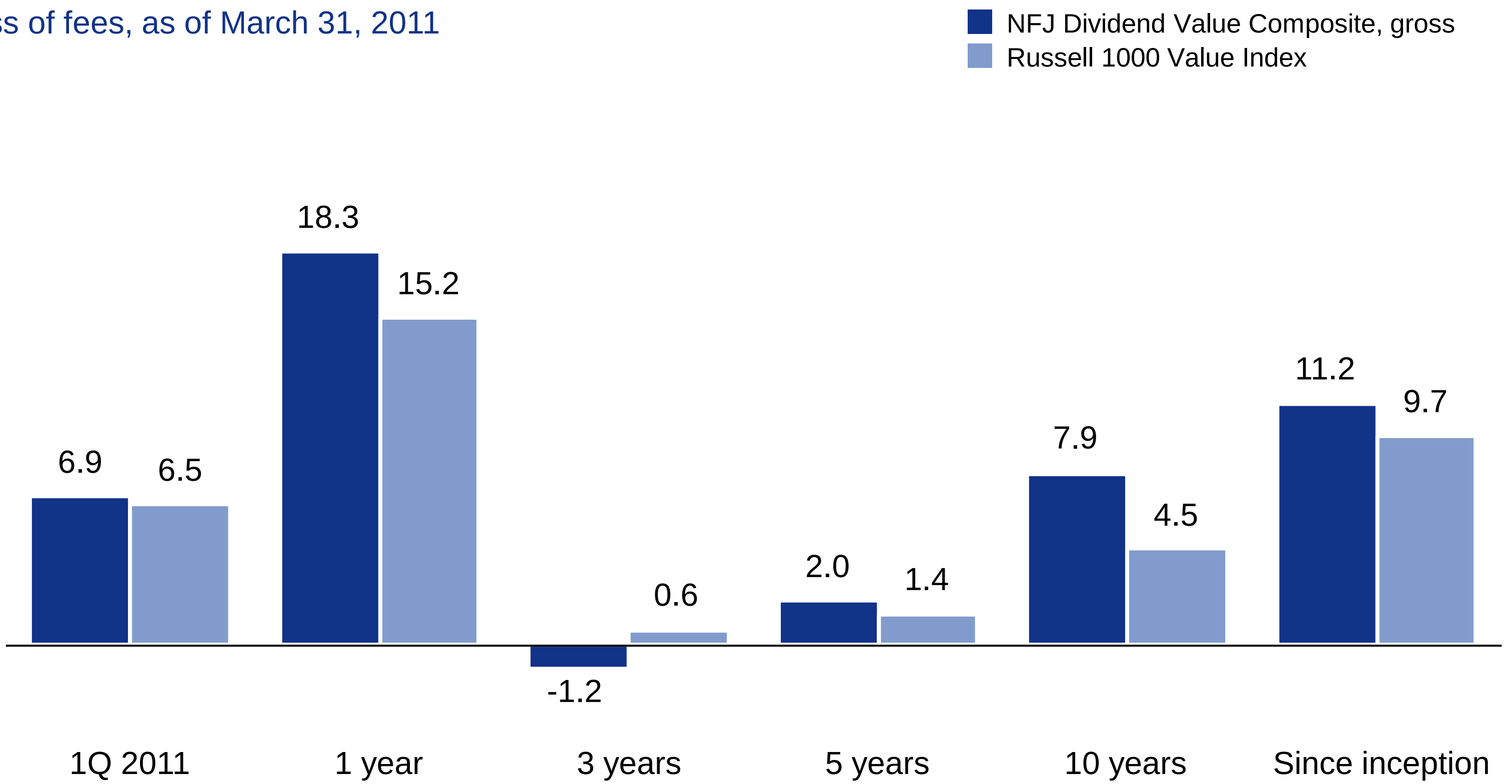
NFJ Dividend Value — Russell 1000 Value — S&P 500

Source: FactSet

1 Adherence to a deep value philosophy sets the dividend value strategy apart

AGI Capital / NFJ Dividend Value – composite returns[1]

%, gross of fees, as of March 31, 2011



1) Composite inception February 1989. Performance of less than one year has not been annualized; performance shown above is gross and does not reflect the deduction of investment advisory fees

Source: Allianz Global Investors Capital

Allianz

2 AGI Capital U.S. High Yield – overview

Key characteristics

- Consistent long-term track record and superior ranking in the U.S. high yield peer group
- Stable and experienced team following a disciplined, fundamental bottom-up investment process with focus on issuers exhibiting improving fundamentals, minimum credit statistics and highest visibility of operating performance
- High yield: an attractive asset class with impressive performance results, equity-like returns at lower risks
- The higher coupons and equity-like nature of high yield bonds provide higher income and total return potential as well as diversification benefits compared to other bonds

Target customer

Retail

- Wirehouses and broker / dealers
- DC platforms
- Distribution via retail channels in Europe and Asia
- Fund of funds

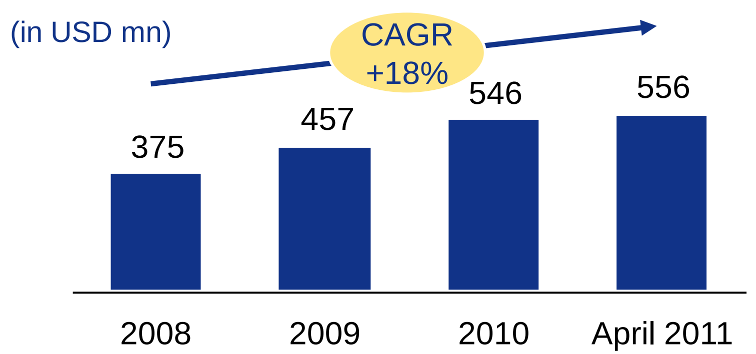
Institutional

- Corporate pension fund
- Sovereign wealth fund
- Foundation and endowment
- Insurance

Investment objectives

- Downside protection, upside capture
- Strategy is predicated on maximizing information flow to identify and minimize credit risk, avoid defaults and target upgrade candidates
- The portfolio is designated to improve income, diversification benefits and total return potential

AuM development



Allianz

2 High yield sector provides portfolio risk diversification and favorable risk / reward profiles

	ML High Yield Master II Index	S&P 500 Index	MSCI World Index	MSCI AC Pacific Ex Japan Index
10 year cumulative returns	124.1%	38.3%	58.8%	284.8%
10 year annualized returns	8.4%	3.3%	4.7%	14.4%
10 year annualized volatility	11.1%	16.0%	16.8%	22.1%

The high yield bond market has consistently delivered returns comparable to equities with less volatility

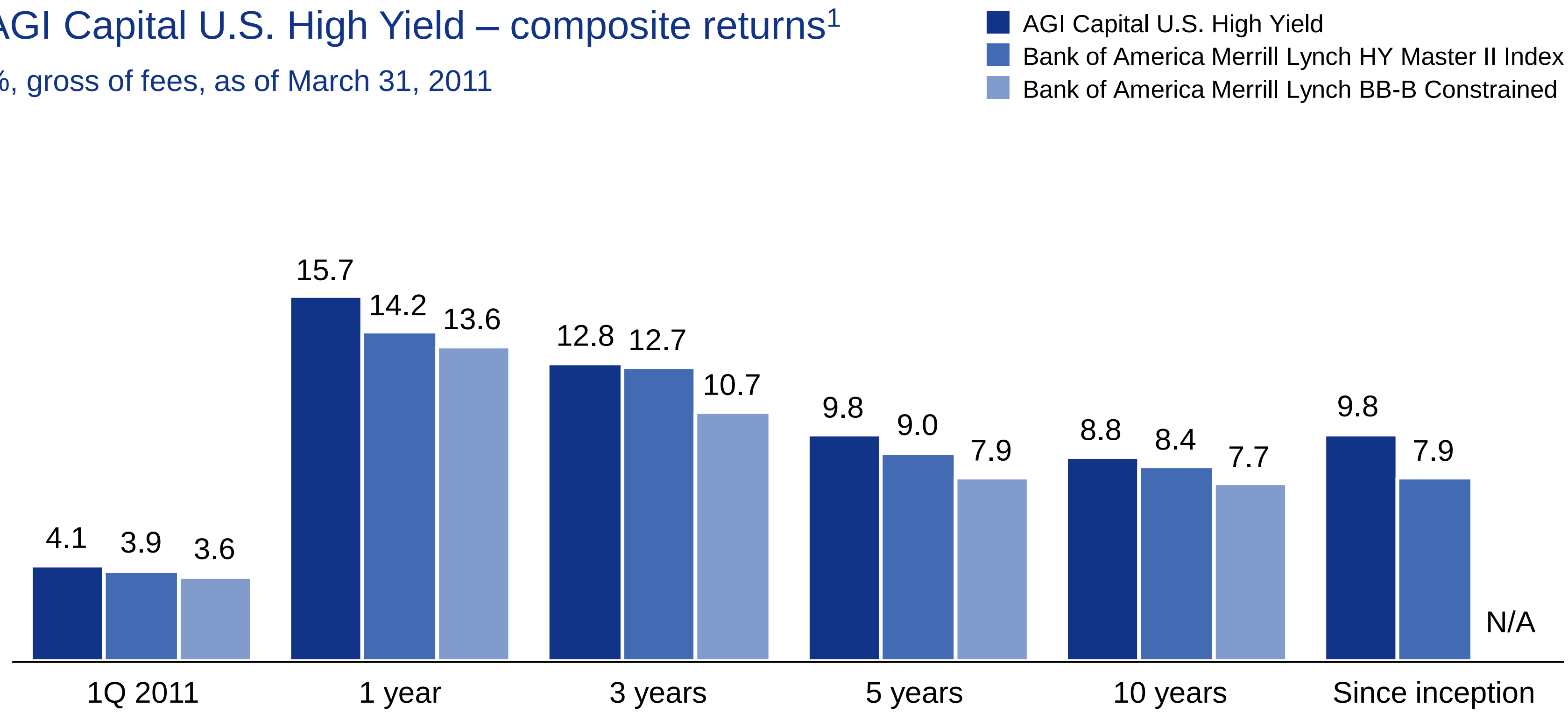
Data as of March 2011
Source: Bloomberg

2

AGI Capital U.S. High Yield strategy shows consistent outperformance over the last ten years

AGI Capital U.S. High Yield – composite returns[1]

%, gross of fees, as of March 31, 2011



1) Composite inception April 1994. Performance of less than one year has not been annualized; performance shown above is gross and does not reflect the deduction of investment advisory fees

Source: Allianz Global Investors Capital

3 RCM China – overview

Key characteristics

- Benchmark: MSCI China
- Focus on H-shares and red-chips
- Bottom up stock selection
- Concentrated portfolio of 25 – 45 stocks
- Focus on companies in a turn-around situation
- Relatively high non-benchmark exposure
- Low turnover

Target customer

Retail

- Distribution via Commerzbank within Germany
- Fund of funds
- Private banking / private wealth management
- Family office / IFA

Institutional

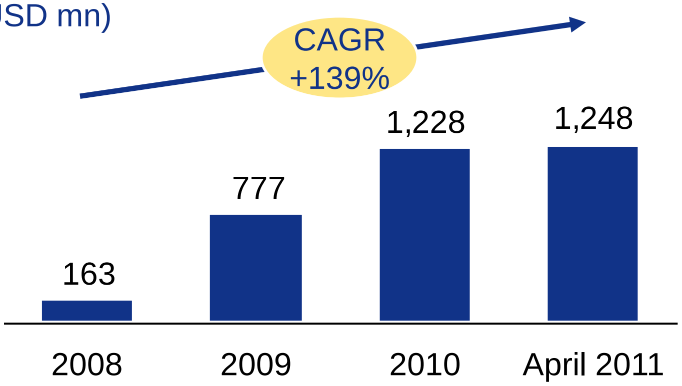
- Corporate pension fund
- Sovereign wealth fund
- Foundation and endowment
- Insurance

Investment objectives

- Consistently outperform the benchmark 3 – 5% per annum with a tracking error of 5 – 10%
- To rank in the top quartile of peer group over the long-term

AuM development

(in USD mn)



Allianz

3

RCM China – RCM's local and global resources combined in a disciplined investment process

RCM China – disciplined investment process

~ 1000 stock universe
Active coverage: 150-200 stocks

- Grassroots^{SM} research
- Country specialists / sector analysts
- Country / macro analysis and secular / cyclical reviews
- Quantitative screening

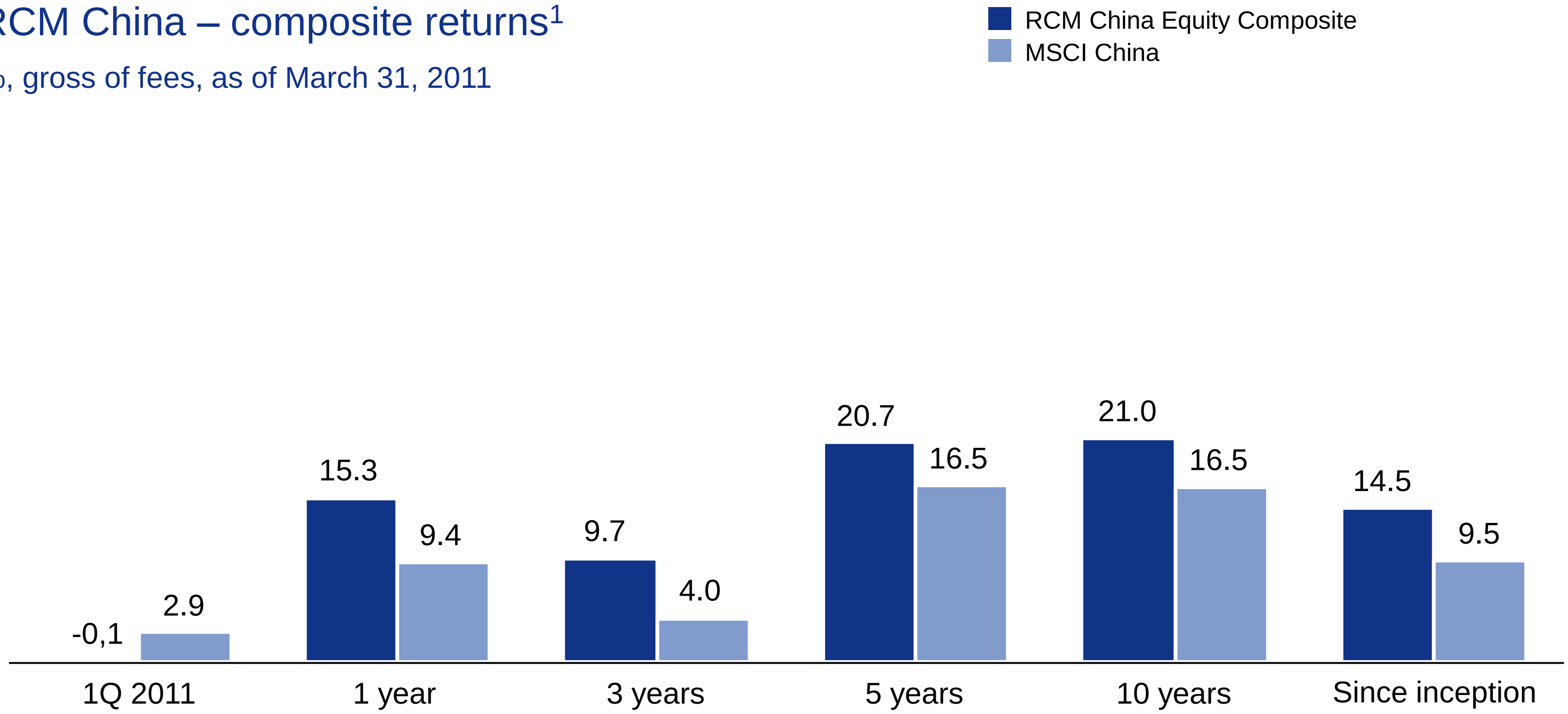
Company analysis growth and quality	Valuation	Security selection	Portfolio construction	Controls
Business growth, management quality	Enterprise value / EBITDA, free cash flow, total return, relative P/E ROE	Voting process portfolio manager, country specialists, and Grassroots^{SM}	25 – 45 stocks portfolio	Portfolio review and client guidelines
Sector analysts / country specialists	Sector analysts / country specialists	HK investment team, RCM AP office	Lead PM	CIO, Asia Pacific

3

Grassroots research extremely valuable in less efficient markets of China, adding to superior performance

RCM China – composite returns[1]

%, gross of fees, as of March 31, 2011



1) Composite inception January 1998. Performance of less than one year has not been annualized; performance shown above is gross and does not reflect the deduction of investment advisory fees
Source: RCM

4 RCM Global Technology – overview

Key characteristics

- Diverse product offering
- Target 50 – 80 companies
- Global product – up to 50% outside the U.S.
- Diversified across regions and industries
- All cap universe with mid-cap emphasis, benchmarked against the S&P North America Technology Index, which is a market weighted benchmark
- Excellent portfolio management team: over 60 years of collective experience, together for over 25 years
- Consistent investment philosophy / process since inception of product
- Excellent long-term performance

Investment objectives

- Long-term capital appreciation by investing globally in innovative companies with outstanding business models
- Control for risk and reduce volatility typical in sector-focused portfolios by diversifying across sub-industries, market cap, valuation, and global exposure

Target customer

Retail

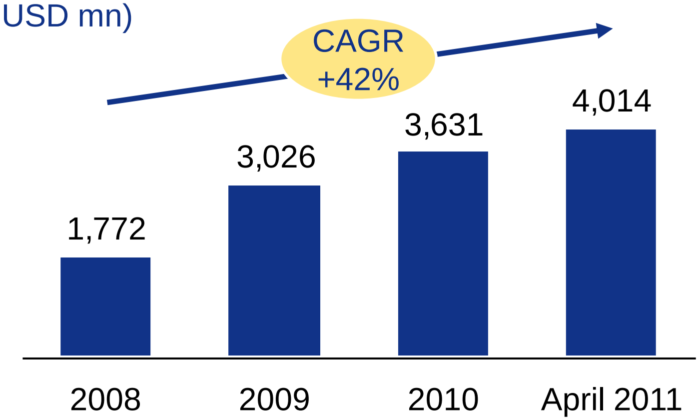
- Distribution via AGI Distributors
- Fund of funds
- Private banking / private wealth management
- Family office / IFA

Institutional

- Corporate pension fund
- Sovereign wealth fund
- Foundation and endowment
- Insurance

AuM development

(in USD mn)

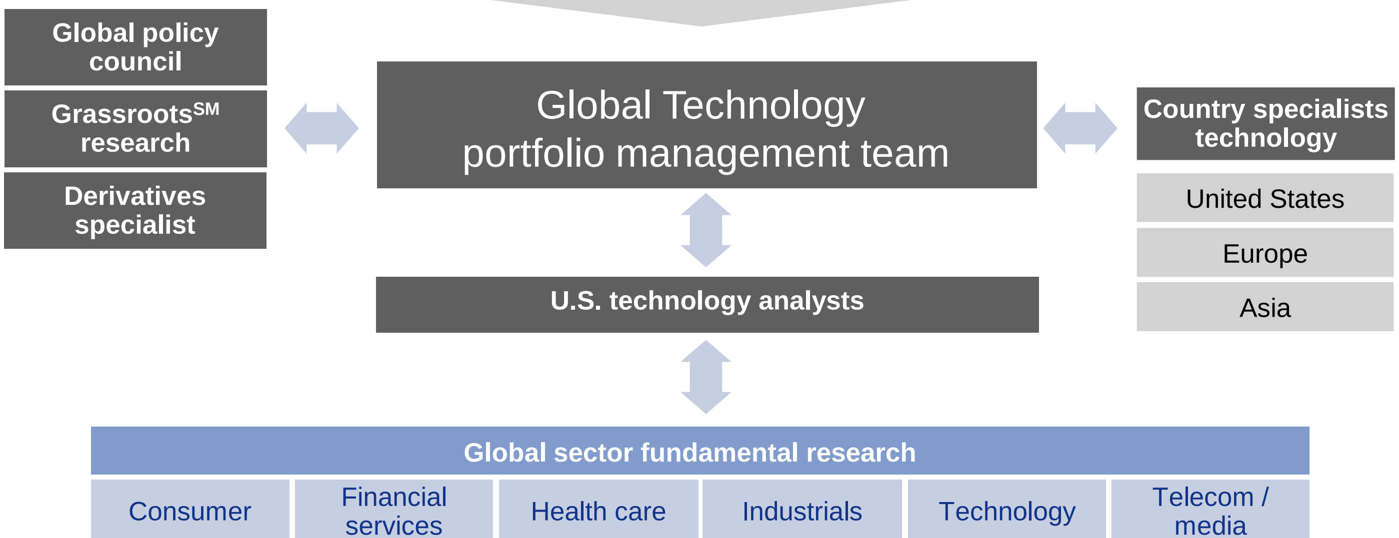


4 Portfolio management team: global and local resources following a consistent investment philosophy

RCM Global Technology – setup

Investment philosophy

- Identifying major growth trends within technology
- Building an intimate knowledge of portfolio companies
- Investing in superior companies with outstanding business models within each growth segment
- Applying risk control through portfolio diversification across many attributes
- Utilizing high levels of cash and derivatives to dampen volatility of investment returns

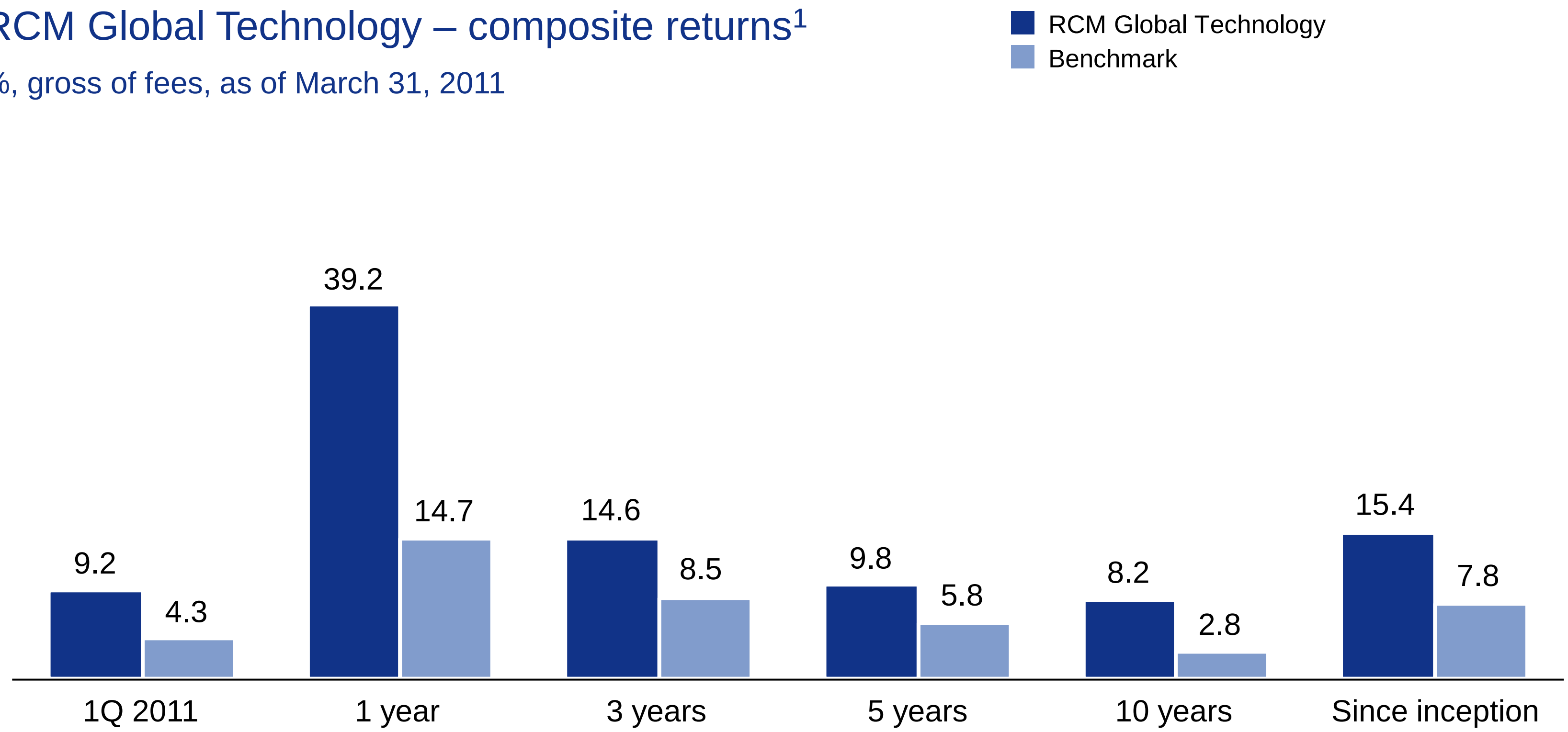


Allianz

4 RCM Global Technology exhibits excellent long-term performance track record

RCM Global Technology – composite returns[1]

%, gross of fees, as of March 31, 2011



1) Composite inception January 1996. Performance of less than one year has not been annualized; performance shown above is gross and does not reflect the deduction of investment advisory fees

Source: RCM

Key takeaways

- AGI's investment management platforms[1] with a strong and sizeable presence in all major markets
- Broad investment capabilities focusing to meet client demand
- Strong investment culture and performance
- Well positioned to capture future growth opportunities
- Significant contributor to AGI's operating profit (10% in 2010[1])

1) RCM, AGI Capital, AGI Investments Europe, AGI Asia Pacific

Customer and distribution view

Capital Markets Day

Giacomo Campora
CEO Allianz Bank Italy

New York, July 21, 2011

Allianz

Allianz

C

1 **Strategic positioning**

2 Key data

3 Multiplier of Allianz expertise

4 Our goal:
Life and Asset Management convergence

5 Drivers of growth:
convergence products

Strategic positioning

	Direct	D + A blend	Advisory
Affluent	*no demand*	▪ FIDEURAM ▪ ALLIANZ BANK ▪ BANCA GENERALI	▪ UBS ▪ CREDIT SUISSE
Mass affluent	▪ FINECO ▪ ING DiBa ▪ CHE BANCA	▪ MEDIOLANUM	▪ AZIMUT
Retail			*MiFID impact on traditional banks*

C

1 Strategic positioning

2 **Key data**

3 Multiplier of Allianz expertise

4 Our goal:
Life and Asset Management convergence

5 Drivers of growth:
convergence products

Allianz Bank: key data

400,000

customers

Allianz Bank: key data

100,000

high value customers

Allianz Bank: key data

24,000mn

AuM EUR

Allianz Bank: key data

11,000mn

AM products AuM EUR

Allianz Bank: key data

9,500mn

Life products AuM EUR

Allianz Bank: key data

4,500mn

convergence Life & AM EUR

Allianz Bank: key data

2,000

Financial Advisors

Allianz Bank: key data

500

employees

Allianz Bank: key data

250

integrated financial centers

C

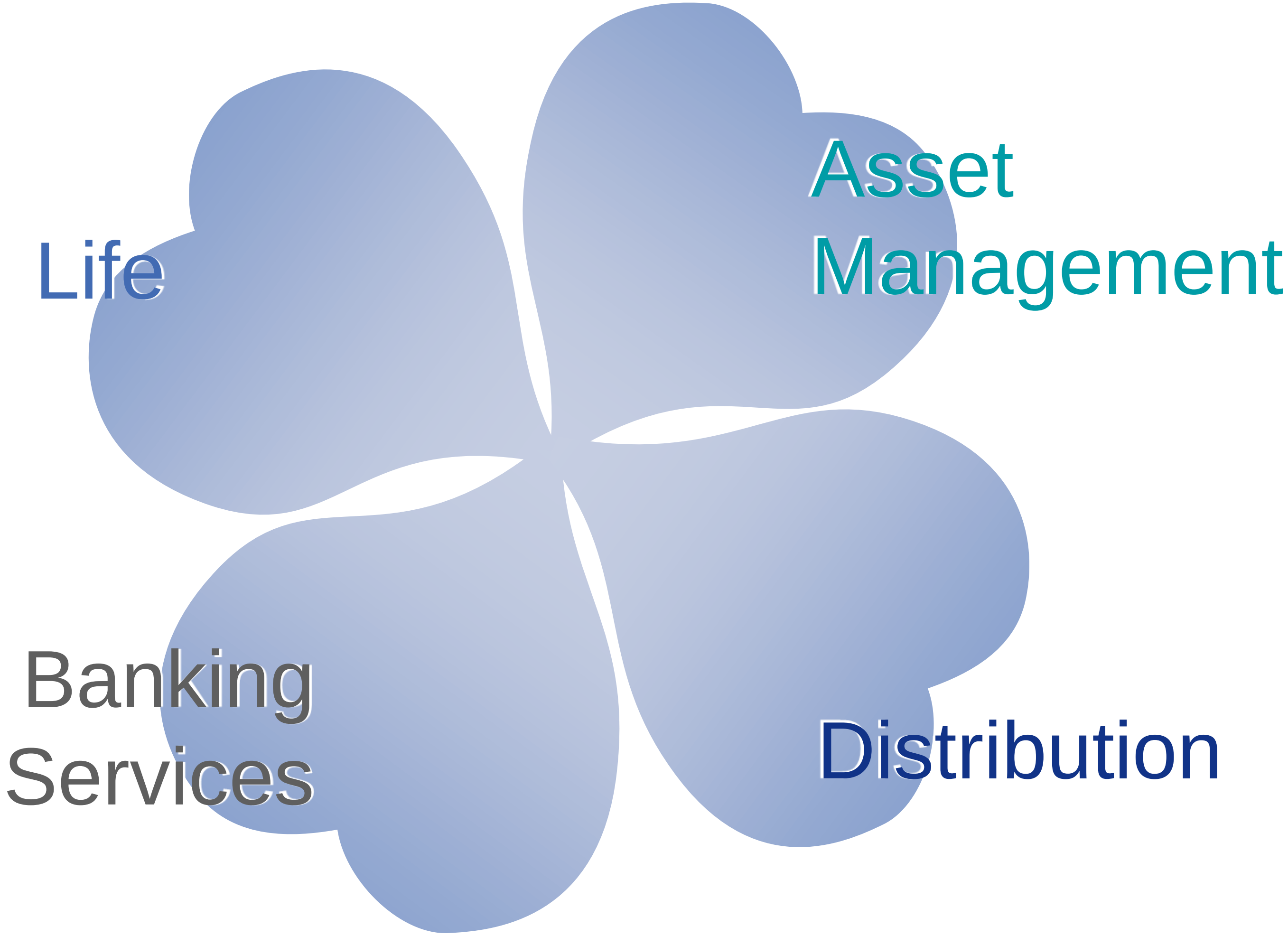
1 Strategic positioning

2 Key data

3 **Multiplier of Allianz expertise**

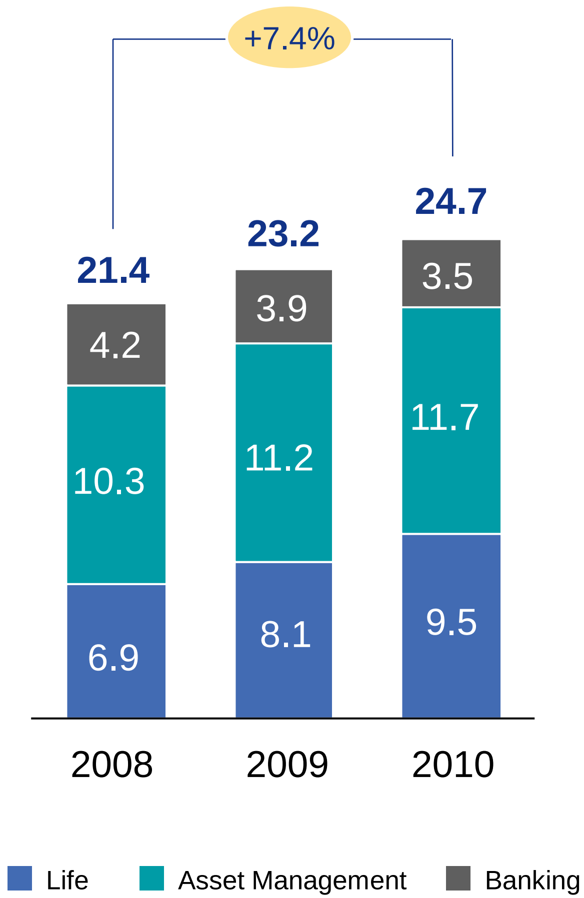
4 Our goal:
Life and Asset Management convergence

5 Drivers of growth:
convergence products

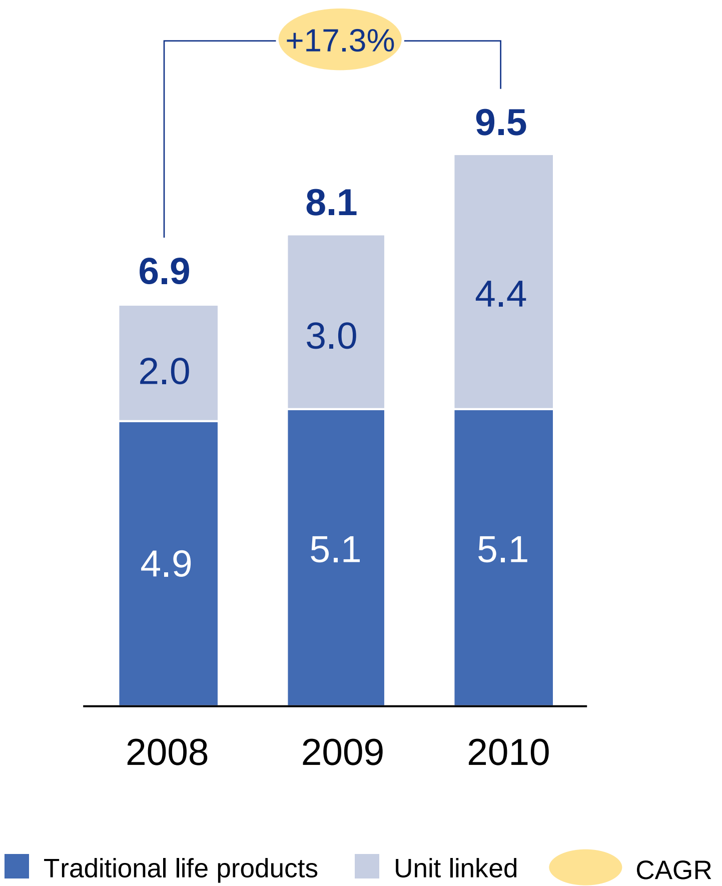

Life
Asset
Management
Banking
Services
Distribution

Life AuM constantly growing …
(EUR bn)

AuM evolution

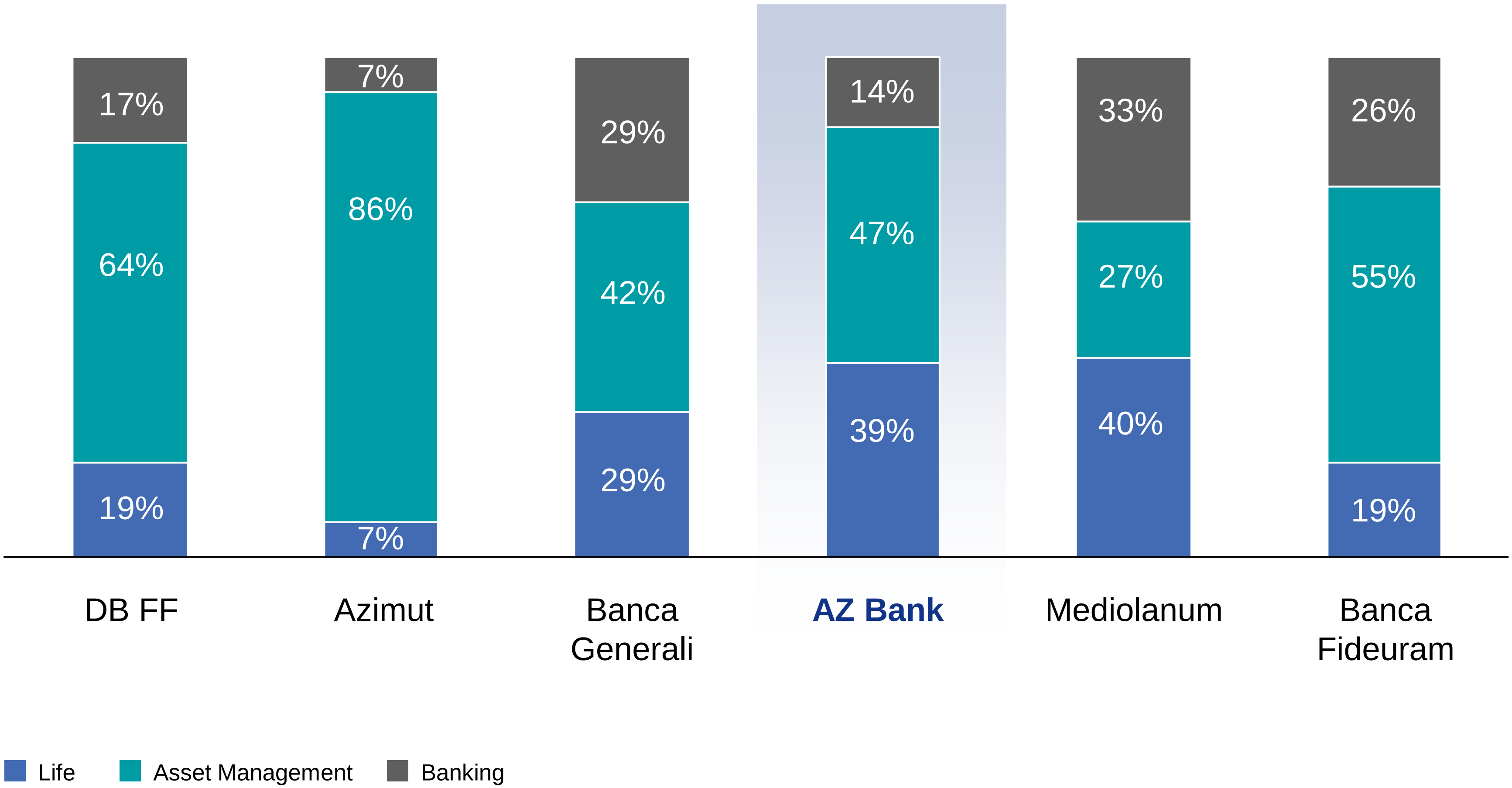


AuM Life



… also versus peers

2010 peer review mix



Source: Assoreti Report

C

1 Strategic positioning

2 Key data

3 Multiplier of Allianz expertise

4 **Our goal:
Life and Asset Management convergence**

5 Drivers of growth:
convergence products

Allianz

Lever on the EXPERTISE of Allianz Group

Involvement of the SALES FORCE

Analysis of COMPETITION

Allianz

Allianz Global Investors

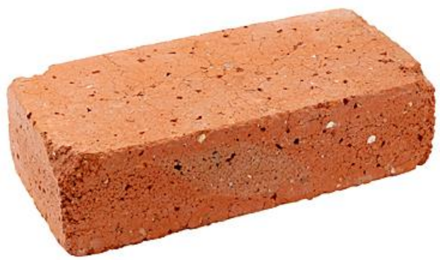
PIMCO

informed RCM

Allianz Bank Financial Advisors

simple

1



modular

2

scalable

3

accessible

4

simple

1

modular

2

scalable

3

accessible

4

Few, simple rules, the same for every TEAM

Allianz Bank
Financial Advisors

PIMCO

Allianz Global Investors

Morgan Stanley

CARMIGNAC GESTION

BlackRock

Schroders

informed RCM

PICTET 1805

SWISS & GLOBAL ASSET MANAGEMENT

J.P.Morgan Asset Management

Allianz

Competition	Performance	Open platform	Closed system	Clear rules

… on a level playing field

TEAM

Allianz

simple

1

modular

2

scalable

3

accessible

4

Our platform: freedom of choice for clients

FLEXIBLE APPROACH
- Money Market
- Formula 15
- Formula 30
- Formula 70
- Formula 100
- PIMCO Authority
- Formula SRI

ALL STAR
- Open TEAM
- Open TEAM *New Talent* NEW
- Open TEAM *Equity* NEW
- Open TEAM *Long Short* NEW

ARTIFICIAL INTELLIGENCE NEW
- QStone NEW
- *QSelection* NEW

CHAMPIONS LEAGUE
- TEAM
  - Allianz Global Investors
  - BlackRock
  - Morgan Stanley
  - J.P.Morgan Asset Management
  - Swiss & Global
  - Carmignac Gestion
  - Pictet 1805
  - PIMCO
  - informed RCM
  - Schroders


Allianz …
... as referee

simple

1

modular

2

scalable

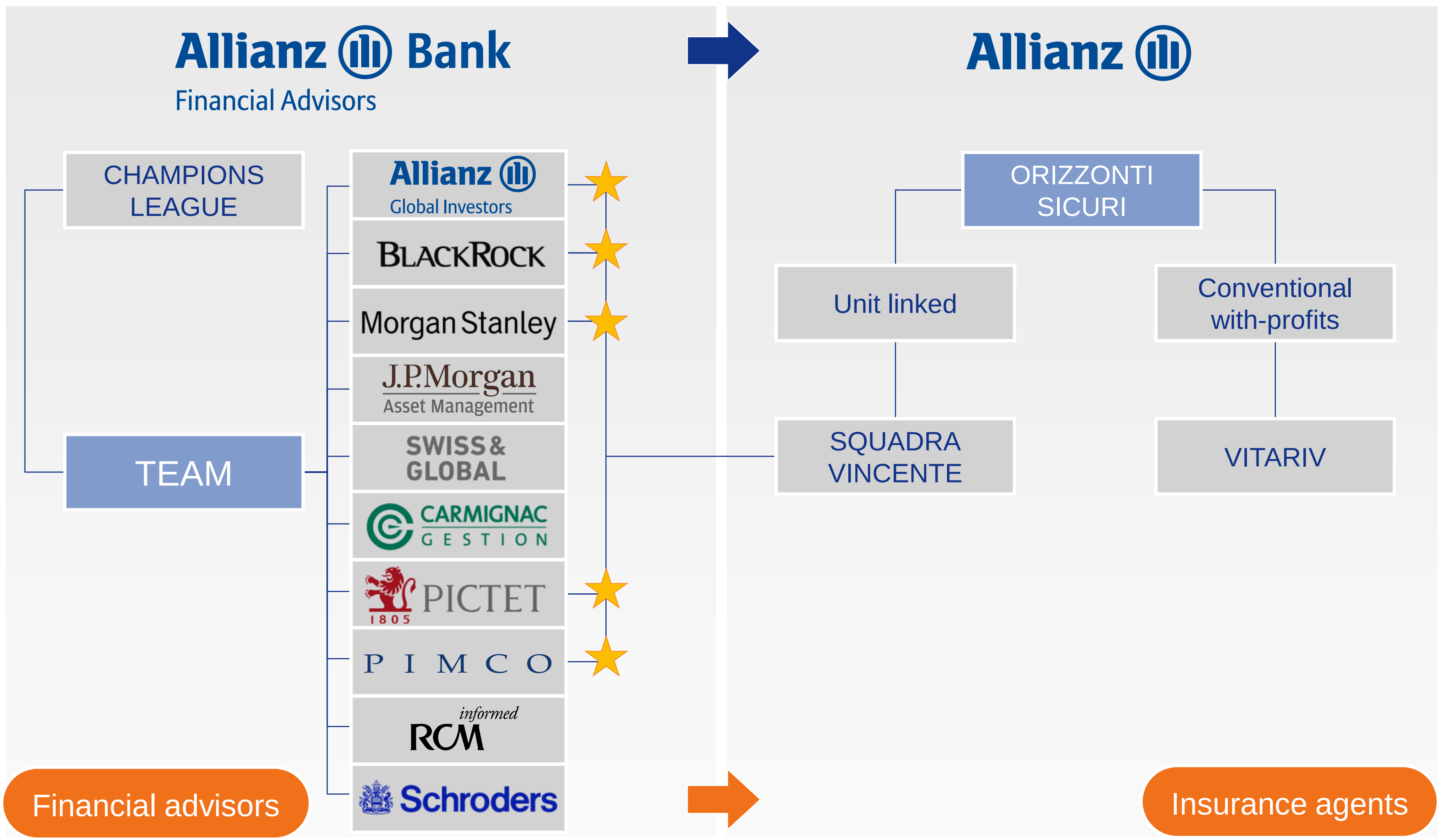
3

accessible

4

TEAM Allianz

Exporting and adapting onto insurance agents



simple

1

modular

2

scalable

3

accessible

4

On intranet and on mobility

one page fits all

60 seconds with …

Your mobile office: News. Video. E-mail.

Clients: always with you.

C

1 Strategic positioning

2 Key data

3 Multiplier of Allianz expertise

4 Our goal:
Life and Asset Management convergence

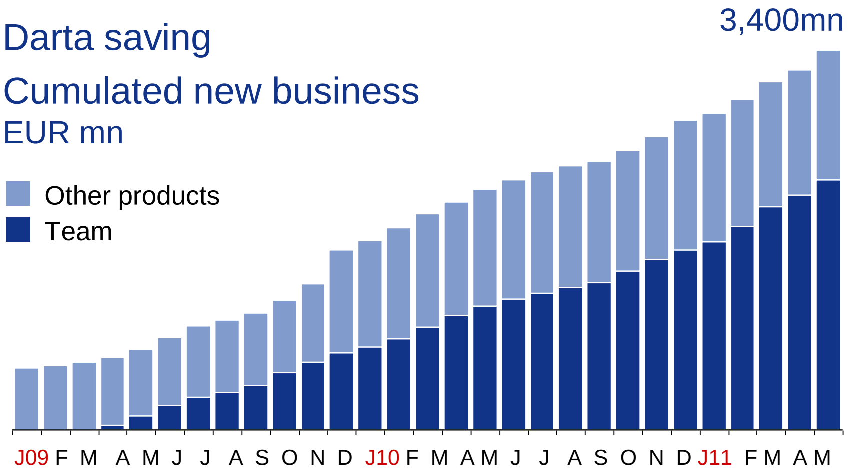
5 **Drivers of growth:
convergence products**

From advisors to agents

2009: Financial advisors

Darta saving

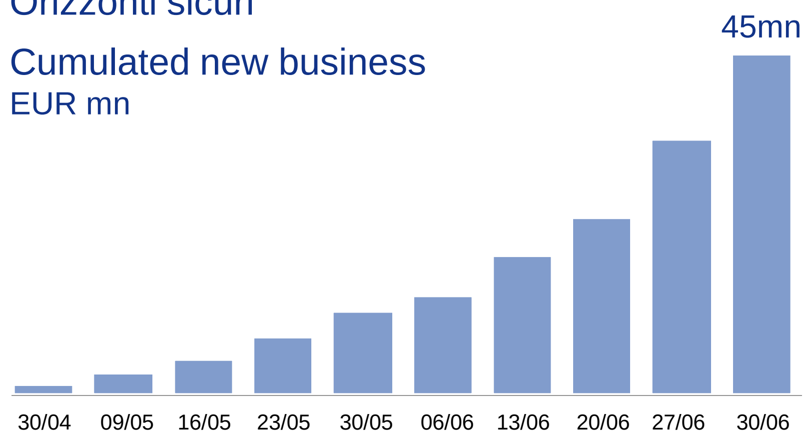
Cumulated new business
EUR mn



2011: Insurance agents

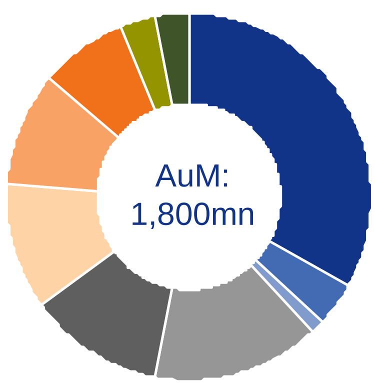
Orizzonti sicuri

Cumulated new business
EUR mn



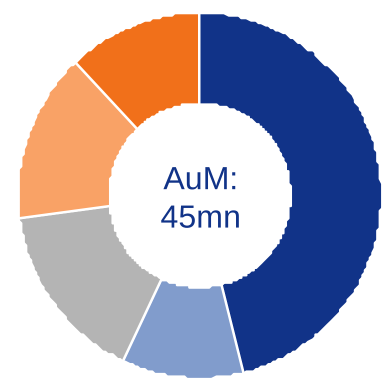
TEAM

PIMCO	33%
RCM	4%
AGI[1]	1%
MORGAN STANLEY	15%
CARMIGNAC	12%
SCHRODERS	11%
BLACK ROCK	10%
PICTET	8%
JP MORGAN	3%
SWISS & GLOBAL	3%



Asset mix
EUR mn; %

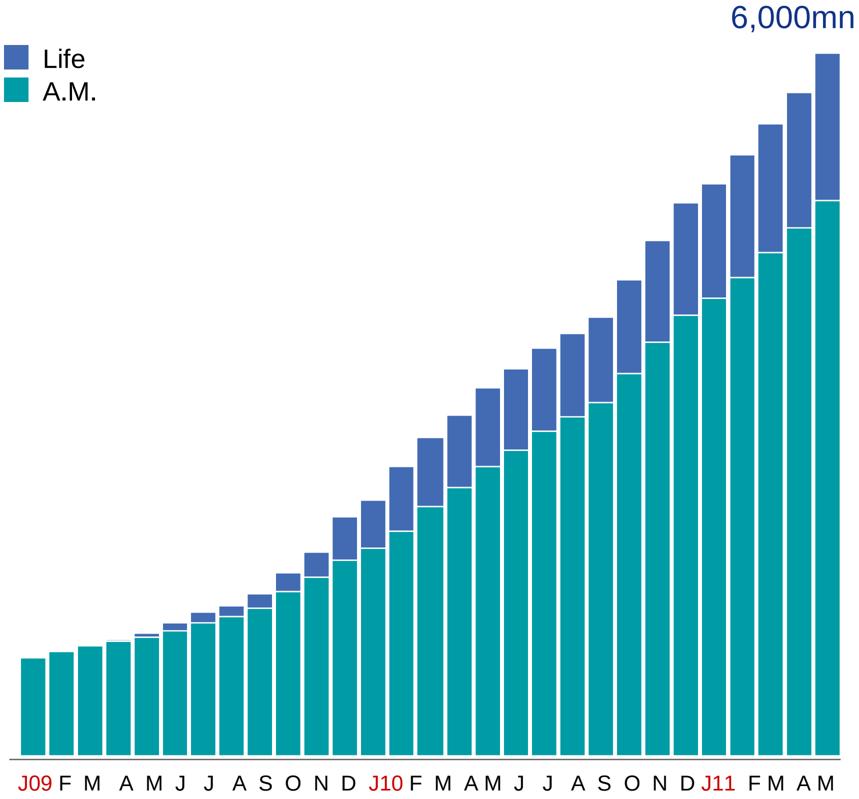
PIMCO	46%
AGI	11%
MORGAN STANLEY	16%
BLACK ROCK	15%
PICTET	12%



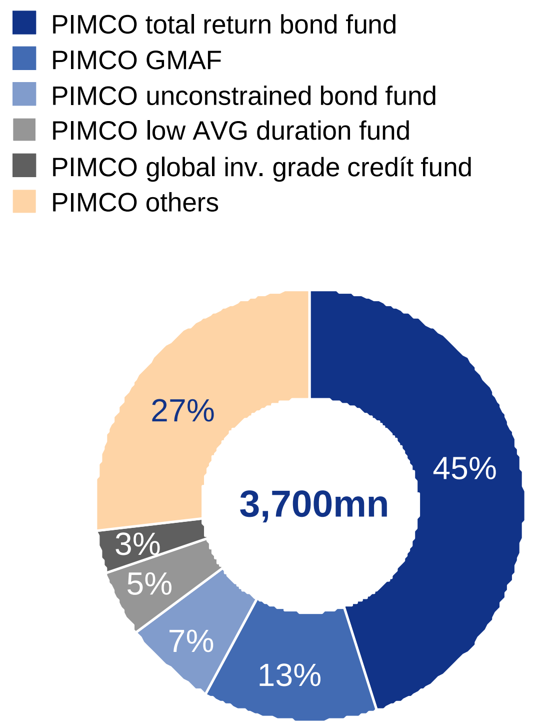
1) "AGI" refers to "Allianz Global Investors" and/or the Allianz Global Investors group of companies

Focus: PIMCO

Cumulated new business
EUR mn



A.M. Asset Mix
EUR mn; %



Allianz Bank
Financial Advisors

PIMCO

Allianz Global Investors

Morgan Stanley

CARMIGNAC GESTION

BLACKROCK

informed RCM

Schroders

PICTET 1805

SWISS & GLOBAL ASSET MANAGEMENT

J.P.Morgan Asset Management

Allianz Life Strength and commitment

Jay Ralph

Member of the Board of Management
Allianz SE

New York, July 21, 2011

Capital Markets Day

Allianz

D

Allianz

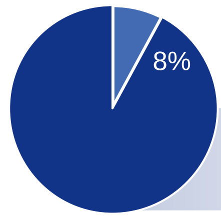
Allianz Life is a solid contributor to Group revenue and profit

Highlights

- Financial performance provides solid foundation for growth
- AA (stable outlook) financial rating by Standard & Poor's (August 2010)
- High-quality investment portfolio and strong liquidity position to support policyholder obligations and business needs
- Product, distribution and marketing focused on the retirement opportunity, supported by strong fundamentals

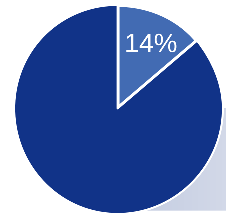
2010

Total revenues



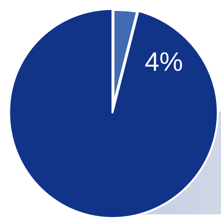
Total	EUR	106.5bn
AZL	EUR	8.2bn

Life/Health revenues



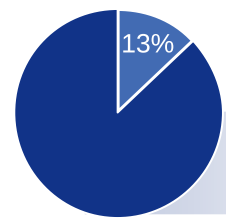
Total	EUR	57.1bn
AZL	EUR	8.2bn

Total operating profit



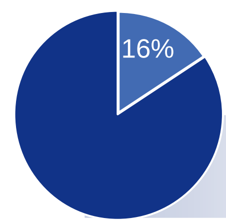
Total	EUR	8.2bn
AZL	EUR	360mn

Life/Health operating profit



Total	EUR	2.9bn
AZL	EUR	360mn

New business value



Total	EUR	993mn
AZL	EUR	158mn

Allianz Life (AZL)
Group

Strong and experienced executive leadership team

Gary C. Bhojwani
Chief Executive Officer
Years with Allianz: 7
Years within industry: 21

Giulio Terzariol
Chief Financial Officer
Years with Allianz: 14
Years within industry: 16

Neil McKay
Chief Actuary
Years with Allianz: 21
Years within industry: 27

Tom Burns
Chief Distribution Officer
Years with Allianz: 5
Years within industry: 32

Nancy Jones
Chief Marketing Officer
Years with Allianz: 3
Years within industry: 28

Walther White
Chief Administrative Officer
Years with Allianz: 3
Years within industry: 23

Axel Zehren
Chief Investment Officer
Years with Allianz: 26
Years within industry: 26

Suzanne Zeller
Chief Human Resource Officer
Years with Allianz: 1
Years within industry: 35

Maureen Philips,
Deputy General Counsel
Years with Allianz: 4
Years within industry: 30

As of April 2011

Allianz

Rich history with evolving focus from control to create

History

1896 – North American Casualty was founded

1912 – North American Casualty merged with North America Life Association to form North American Life and Casualty (NALAC)

1979 – NALAC acquired by Allianz AG

1993 – Company renamed Allianz Life Insurance Company of North America (Allianz Life)

1999 – Allianz Life merged with Life USA to form today's company

2007 – Gary Bhojwani joined AZL

Control … … and create

2007 – Reputation
- Improved media rating
- Settled lawsuits

2008 – Suitability
- Recognized by regulators and industry for leading suitability process

2009 – Product & pricing
- Pricing and product overhaul
- VA rider suspension in 2Q09; launch of new VA riders in 3Q09

2010 – Product & distribution
- Establish foundation of fixed product sales through registered channels
- Expand broker/dealer relationships

2011 – Segmentation
- Implement new distribution model: all products in all channels
- Launch "Allianz Preferred" program

Allianz Life is a key retirement partner ...

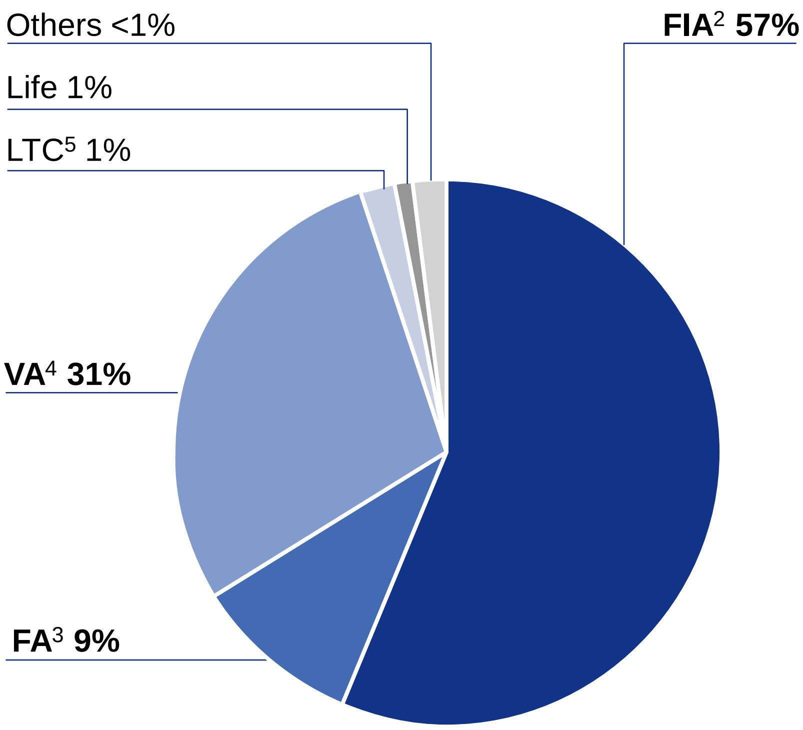
Company profile

2010

- Manufacturer and distributor of retirement products: annuities and life insurance

GPW	USD 10.8bn
Total assets	USD 98.5bn
Total employees	2,061
Total customers	~995,000

97% retirement products[1]



1) Based on IFRS reserves as of 31.12.2010
2) Fixed indexed annuities
3) Fixed annuities
4) Variable annuities
5) Long-term care

Allianz

… and leading annuity carrier in the U.S. market

Rank	Carrier	VA sales 1Q 11 USD bn	Market share
1	Prudential	6.82	17%
2	MetLife	5.86	15%
3[1]	Jackson	4.55	11%
5[1]	Lincoln	2.35	6%
6	Sun America/VALIC	1.84	5%
7	Nationwide	1.79	5%
8	AXA	1.68	4%
9	Ameriprise	1.60	4%
10	Aegon/Transamerica	1.20	3%
11	Allianz	0.96	2%
	Total VA sales	**39.16**	

43%

Rank	Carrier	FIA sales 1Q 11 USD bn	Market share
1	Allianz	1.51	21%
2	American Equity	1.17	16%
3	Aviva	0.84	12%
4	North American	0.40	6%
5	ING	0.38	5%
6	Lincoln	0.38	5%
7	Midland	0.34	5%
8	Jackson National	0.33	5%
9	Great American	0.31	4%
10	National Western	0.22	3%
	Total FIA sales	**7.14**	

49%

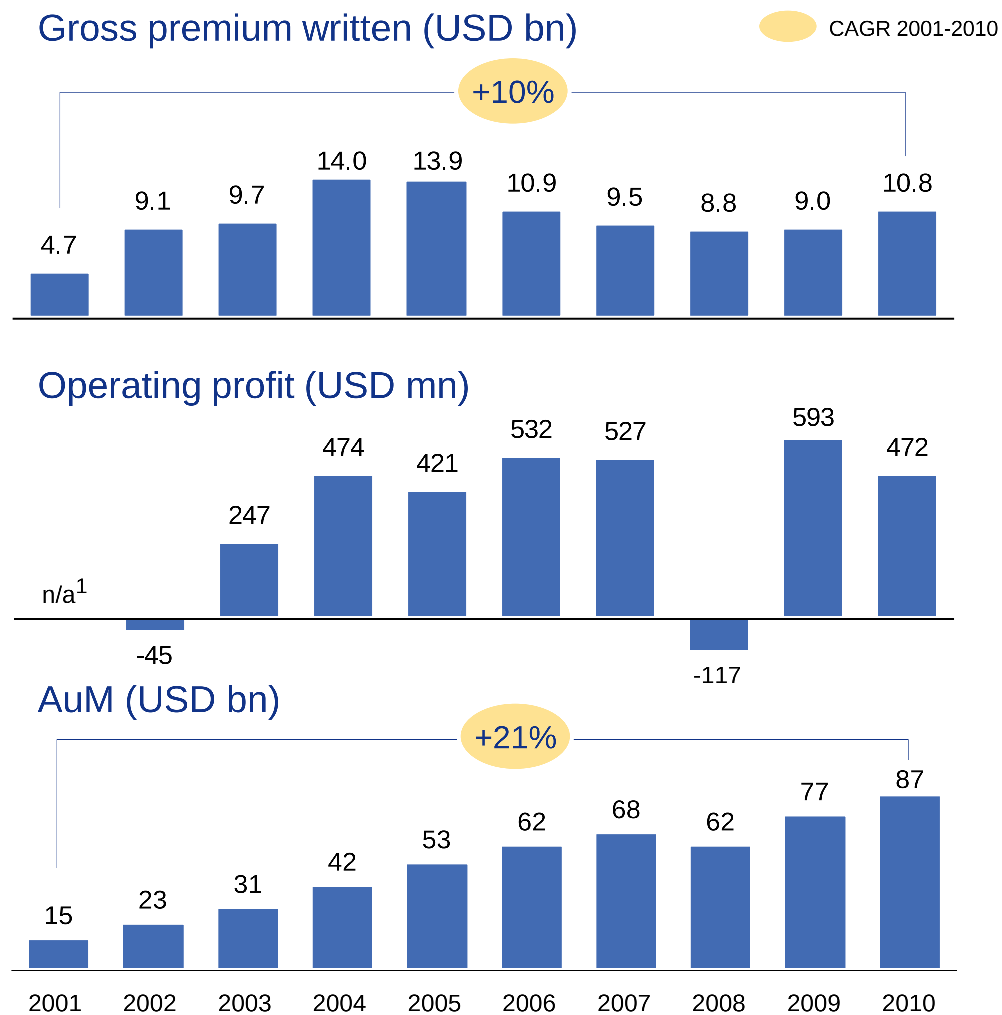
#7 ranking in U.S. individual annuity market

1) TIAA-CREF not included as only sells VAs through captive sales force and targeted consumer market
Source: VA market: Morningstar/MARC; FIA market: advantage index report & internal analysis

D

Sustainable development of key financials …

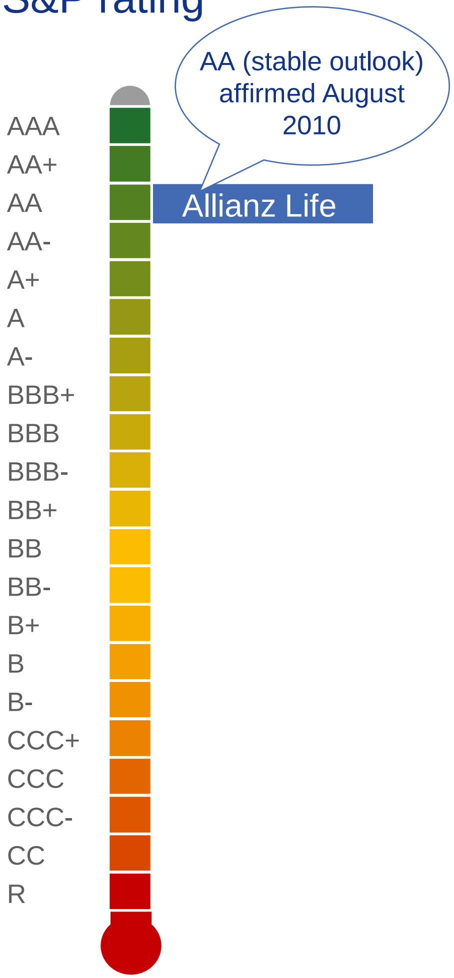
- Added value for Life insurance
- Focus on sustainability under volatile market conditions
- Attractive financial returns to shareholder with strong growth
- Access to first class product development and hedging skills



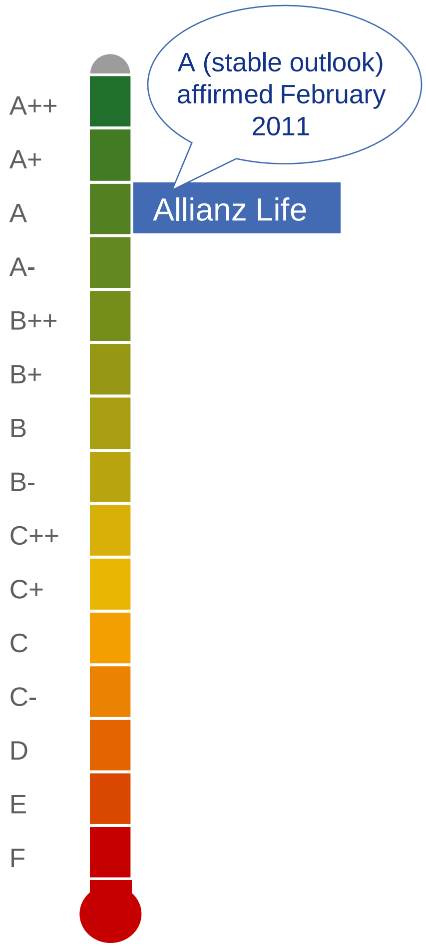
1) Operating profit introduced only in 2002

… and a solid capital position

S&P rating

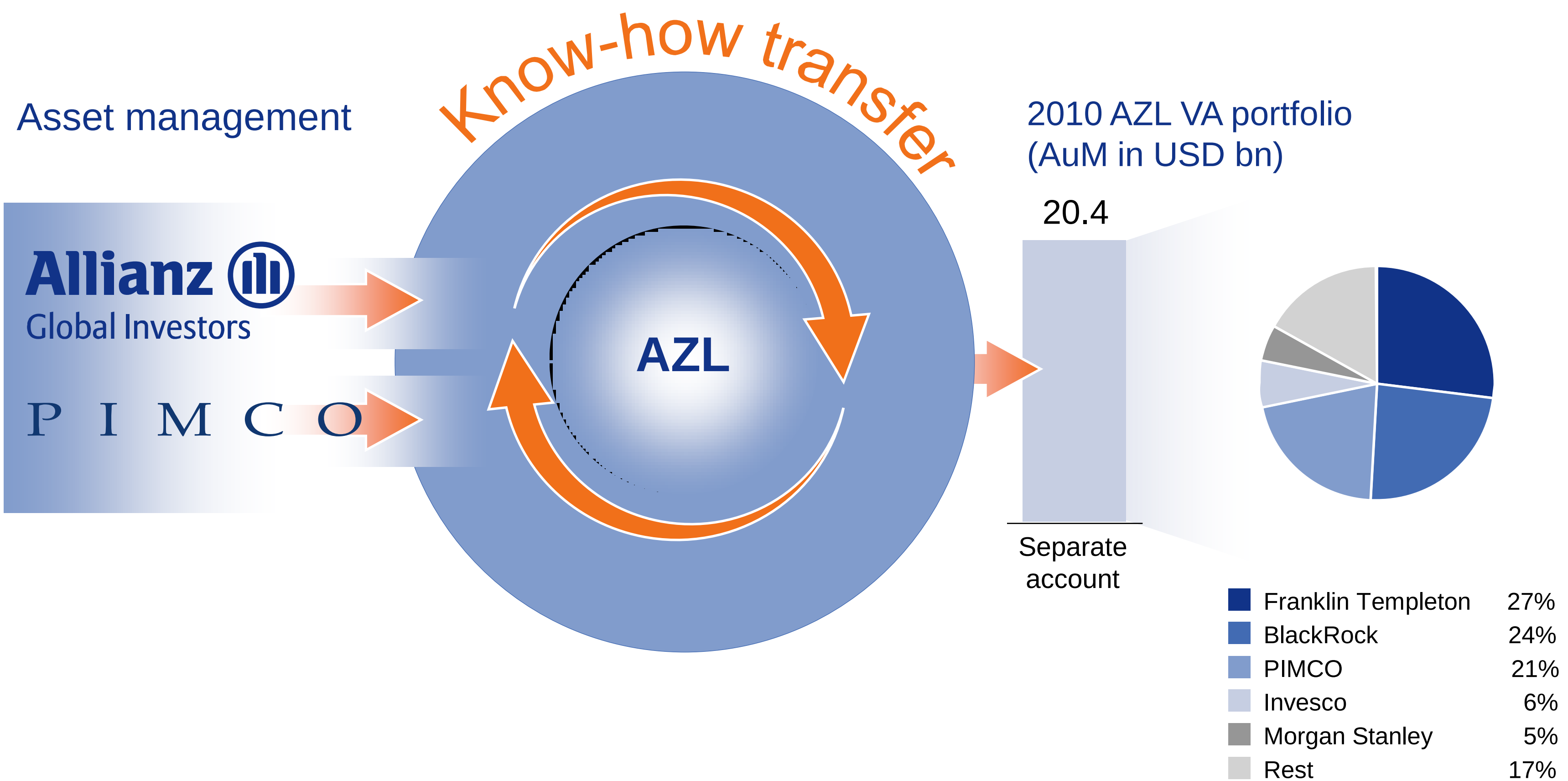


A.M. Best rating

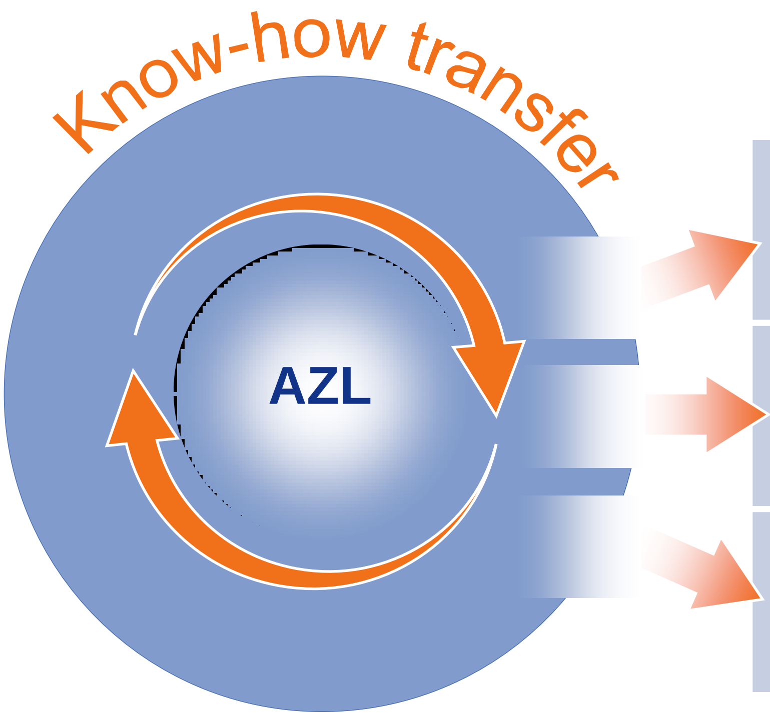


USD bn	2006	2007	2008	2009	2010
Statutory available capital	2.7	2.6	2.1	4.1	4.8
RBC ratio	297%	277%	206%	276%	294%

Allianz Life is leveraging asset management capabilities …



… and providing retirement expertise to Group companies



Global hedge platform	AIM[1] uses know-how globally
Product development	Annuity product expertise Example: Allianz Korea
Brand management	Center for U.S. brand management

1) Allianz Investment Management

D

Going forward: 2011 priorities

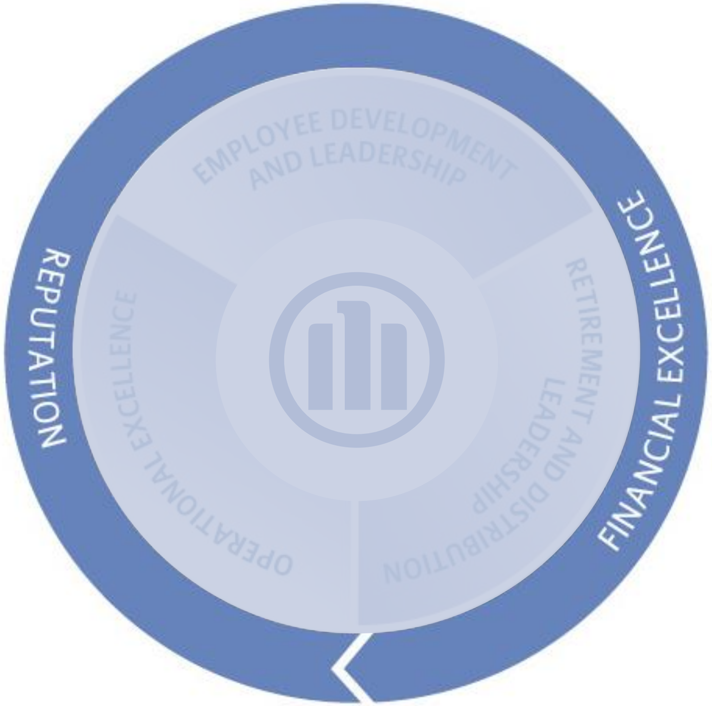
Foundational

- Reputation and financial excellence

Priorities

- Operational excellence
- Employee development and leadership
- Retirement and distribution leadership

Allianz Life is well prepared for the new suitability model, supported by sustainable financials



Reputation

- Smooth transition into suitability model regime
- Address outstanding litigation and regulatory changes
- Enhance awareness of Allianz to key constituencies

Financial excellence

- Capital self-funding status
- Resilient margins despite difficult interest rate environment
- Grow business profitably and manage expenses

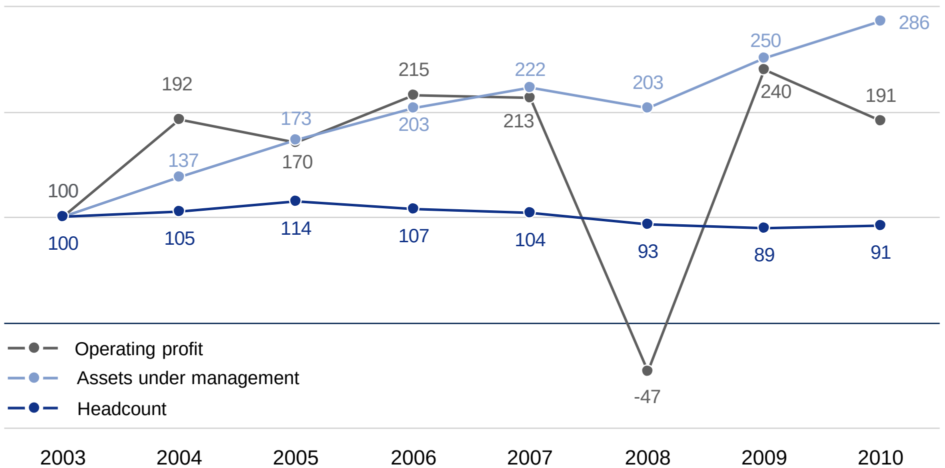
Service metrics showing improvements despite expense controls

Operational excellence

- Improved service levels
- Lowering expense base
- Improving efficiencies
- Differentiated service based on producer segmentation

Efficiency indicators of Allianz Life

(2003 = 100)

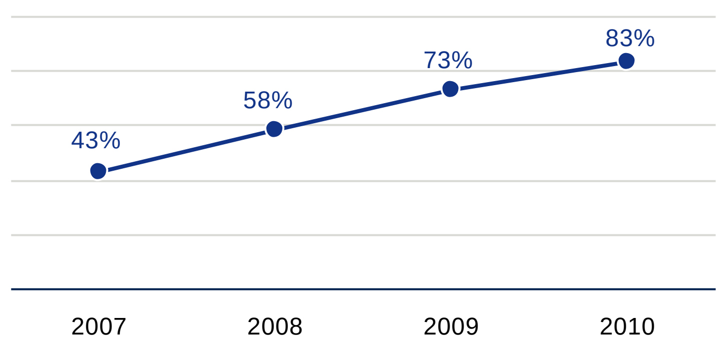


Internal focus on retention and development is showing improved results

Employee development and leadership

- Voluntary turnover significantly reduced
- Open positions filled internally
- Employee development hours increased
- Senior leadership offsite meeting on empowerment, control and create, and execution

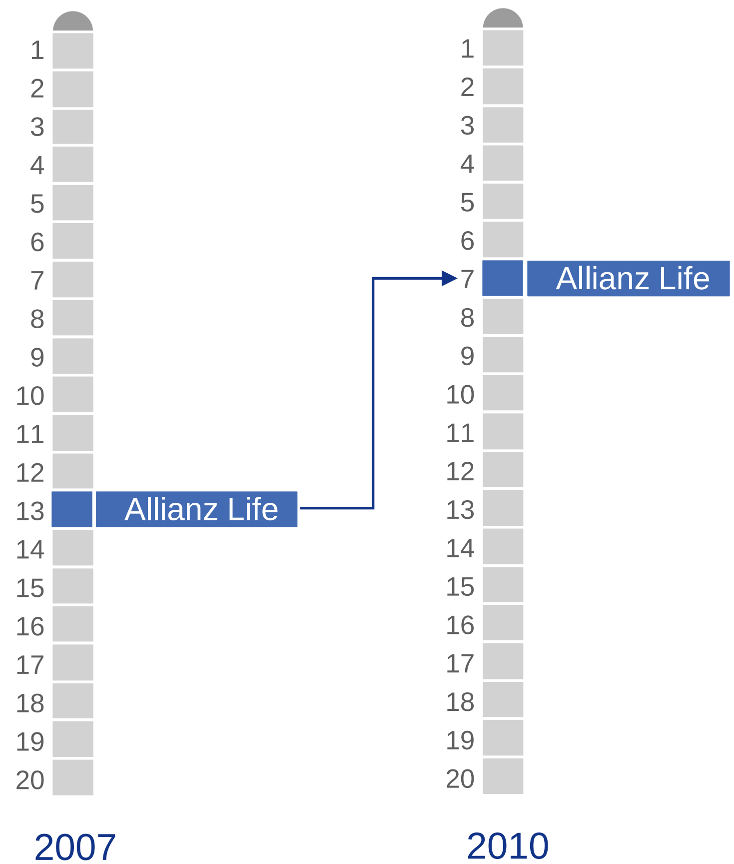
Employee engagement survey results[1]



1) Allianz internal online survey performed by independent service provider and designed to collect the views from employees, managers, and board members regarding Allianz' core values. 83% represents overall employee engagement

Allianz Life's presence in retirement is growing ...

Ranking in total U.S. individual annuity market[1]



1) Source: LIMRA

… to capture the retirement opportunity

Retirement

Solutions to help grow and protect retirement income

Aging U.S. population requires guaranteed income products

AZL
is well positioned

AZL and AGI[1]/PIMCO joint efforts

- Product development (ProV1; stand-alone living benefit)
- Wholesaling collaboration
- Retirement branding

"Allianz is uniquely positioned in retirement"[2]

1) Allianz Global Investors
2) CEO of one of the largest independent distributors of annuities in the U.S. on Allianz as provider of guaranteed income products and managed asset portfolios under one roof

Key takeaways

- Top player in the annuity market
- Solid contributor to Allianz Group financial metrics
- Successful navigation through financial crisis
- Normalized statutory free surplus generation of USD 100 - 200mn p.a.
- Solid capital base; dividend paid in 2010, ongoing payments planned
- Strategy, product, distribution and marketing focus on the retirement opportunity
- Aspiration for next 3 yrs (USD): grow AuM 5 - 10% p.a. and operating profit ~10% p.a.

Retirement. Rethink what's ahead.

Gary C. Bhojwani
President & CEO
Allianz Life

New York, July 21, 2011

Capital Markets Day

E

Please note:

Presentation slides suspended for competitive reasons.
For content please refer to White Paper shown in the appendix.

We appreciate your understanding.

Appendix

Allianz Life Insurance Company of North America

Perspective

Rethinking **what's ahead** in retirement

by Gary C. Bhojwani

For all that's ahead.SM

Allianz

Table of contents

Gary C. Bhojwani is president and chief executive officer of Allianz Life Insurance Company of North America, which has been keeping its promises since 1896. Today, it carries on that tradition, helping Americans achieve their retirement income goals with a variety of annuities and life insurance products. Mr. Bhojwani currently serves on the boards of the Insured Retirement Institute, the American Council of Life Insurers, and Allina Hospitals & Clinics. He is a member of the Financial Services Roundtable and the Young Presidents Organization.

Rethinking what's ahead in retirement

Americans face an era of transformation with a new emphasis on guaranteed income as they prepare for retirement.

By Gary C. Bhojwani

Introduction – the new reality

The world of retirement planning is on the precipice of a new reality. The era of retirees being rewarded with a gold watch and lifetime pension after 35 years of work with a company has virtually disappeared. A combination of unpredictable markets, the erosion of defined benefit plans, the uncertainty about Social Security, and longer life expectancies means a new paradigm is emerging in retirement planning, challenging long-held beliefs in financial planning. This shift creates an opportunity to help Americans redefine how they plan for retirement and generate guaranteed income for life, a benefit unique to annuities.

The market turmoil of 2008 and early 2009 cemented a deep-seated crisis of confidence about how to truly create retirement security. If one polled Americans in 2007 about whether large investment firms – the pillars of American finance – could be brought to their knees in a matter of weeks, few would have answered yes. The "shock and awe" of the financial crisis contributed greatly to this rapid shift in how Americans view retirement.

Many people have no idea where to find GUARANTEES in the financial marketplace.

The financial crisis is not the only driver of this shift. The sense of insecurity also comes from the worrisome state of the government retirement system in the United States, which reached an unsettling milestone in 2010. For the first time since 1983, Social Security payouts exceeded the amount paid in by workers.[1]

Individuals are also coming to terms with the decline of the defined benefit plan, a once-common source of guaranteed lifetime income. During the last 30 years, it appears that most employers have determined that a defined benefit plan is too costly and carried too much long-term financial risk for the company. They moved instead to tax advantaged savings plans (e.g., 401(k) plans) for their workers, thereby shifting the responsibility for retirement security and longevity risk from corporations to their employees. Unfortunately, most Americans have not yet truly comprehended this new risk that they now own.

As 76 million baby boomers enter or are near retirement, they are coming to realize more than ever that they must learn how to convert assets into guaranteed retirement income. Many people have no idea where to find guarantees in the financial marketplace. Options do exist, so boomers will need to learn as much as they can about new forms of insured retirement income offered in the private sector, and begin taking action.

The depth of fear about Social Security and retirement funding should startle both financial leaders and policymakers. But this should not be considered a polarizing political issue. It's a math problem that will only get worse if left unanswered. When more than half of Americans who are just 15-20 years from retirement believe they are more likely to be hit by lightning than to receive their full due from the government, the need to act and educate is irrefutable.[2]

1) Mary Williams Walsh, "Social Security to See Payout Exceed Pay-In This Year," The New York Times, March 2010, http://nytimes.com/2010/03/25/business/economy/25social.html.
2) Allianz Life Insurance Company of North America, The Allianz Reclaiming the Future Study, 2010.

1 The evolution of retirement

The mindsets and buzzwords that characterize how a generation views saving and investing for retirement have evolved from one generation to the next. These mindsets are built on the personal experiences of that generation, imprinted deeply on their psyches, with each generation typically emphasizing one aspect of the retirement question over another.

As we look back in time, we see that all approaches and beliefs about retirement are not equal. Today's generation of baby boomers is experiencing a confluence of factors that are forcing them to readjust their financial beliefs and expectations, including:

- A realization that they will soon need to replace their paycheck with other sources of income.
- The severity of the financial crisis and Great Recession – and the significant hit on their retirement nest eggs – that undermined their once-steady faith in the equity markets as a solution to their retirement problems.

A confluence of factors is forcing boomers to READJUST their financial beliefs.

- A series of challenges – e.g., a lack of savings and guaranteed income – that are forcing the next generation of retirees to look for solutions different from those that worked for their parents

Financial professionals have helped their clients accumulate wealth in preparation for retirement, something still important for younger baby boomers and subsequent generations. The fact remains, however, that a vast group of people in their late 50s and early 60s are now reaching the retirement income planning phase when they now must rely on their investment assets for income.

Looking back at attitudes about retirement during the past 70 years, three broad shifts in mindset have occurred.

The first wave – "guarantees" and "safety"

Shaped by lifetime events such as the Great Depression and World War II, the so-called "greatest generation" generally took a cautious approach to financial planning, investing, and preparing for retirement. The buzzwords for this generation were "guarantees" and "safety."

This sense of caution and concern is not surprising, given that attitudes toward investing were greatly informed by a series of momentous events:

- The 1929 stock market crash that led to the creation of the Securities and Exchange Commission and new securities laws to regulate investment markets.
- The financial collapse and insolvency of banks (where people lost their savings) that led to the creation of the Federal Deposit Insurance Corporation in 1935 to protect bank savings.
- The inception of Social Security in 1935 to provide a base level of financial support in retirement.

The greatest generation stayed away from EQUITY markets.

These government interventions and the insecurity about markets in general led many of this generation to want rock-solid guarantees and safety in both their financial planning and career choices. The high unemployment of the Great Depression led many to value a job for a lifetime, and be attracted to companies that offered a defined benefit (DB) plan in the form of an employer-sponsored pension to provide their retirement security.

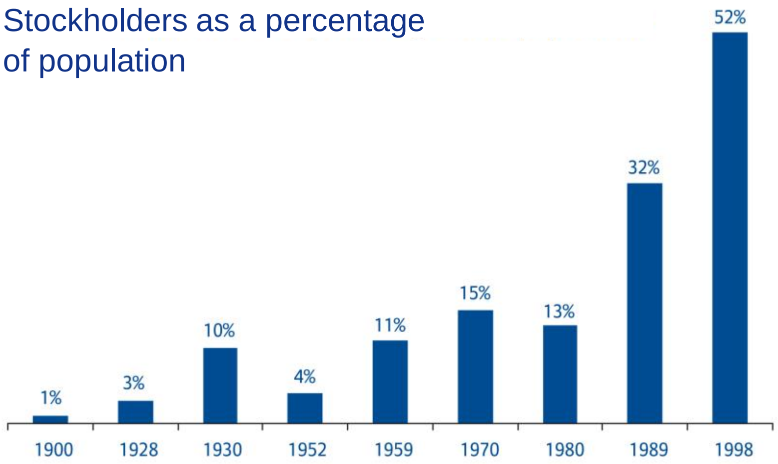
This is the generation that may have stayed at a company for 35 years and received the gold watch at retirement. Whether they knew it or not, the result of their choices was a formula for retirement income known as the "three-legged stool."

One-third was derived from Social Security, another third from employer plans, and one-third from personal savings. This model worked fairly well for 30-40 years.

Their generally cautious attitude and the guarantees underlying two-thirds of their retirement income (Social Security and defined benefit plans) led members of the greatest generation to stay away from equity markets. In 1952, long after the great stock market crash of 1929, stockholders represented only 4% of the American population, a number that increased to just 13% by 1980, in the midst of the era when baby boomers entered the workforce.

By avoiding the stock market and mutual fund investing, this generation was less interested in having control of their retirement assets and instead was comfortable allowing the government (in the form of Social Security) and their employer (in the form of pension plans) to provide the guarantees and security that they preferred.
In addition, the third leg of the stool (i.e., personal savings) often took the form of bank savings, certificates of deposit, and fixed annuities that provided either FDIC insurance on savings or a guaranteed rate of return. Guarantees and safety oriented their decision-making, and banks and life insurers provided the bulk of their retirement planning products.

Stockholders as a percentage of population



Source: "The First Measured Century," www.pbs.org/fmc/book/14business6.htm.

The second wave – "rate of return" and "control"

Boomers focused on maximizing their RATE OF RETURN.

Like many things they touched in society, the baby boomers approached the management of their assets in a decidedly different way from their parents. Growing up in primarily favorable economic times and energized by solid economic growth for most of their early working years, baby boomers were mostly fearless and emboldened as investors. Instead of seeking guarantees and safety, the buzzwords for this generation were "rate of return" and "control."

For the better part of the 1980s, 1990s, and 2000s, boomers focused on maximizing their rate of return in order to accumulate more wealth. They wanted more say in how their money was invested. Significant advances in information technology enabled this sense of control. Technology provided new ways to track investments virtually instantaneously and execute personal financial transactions at amazing speed and low cost.

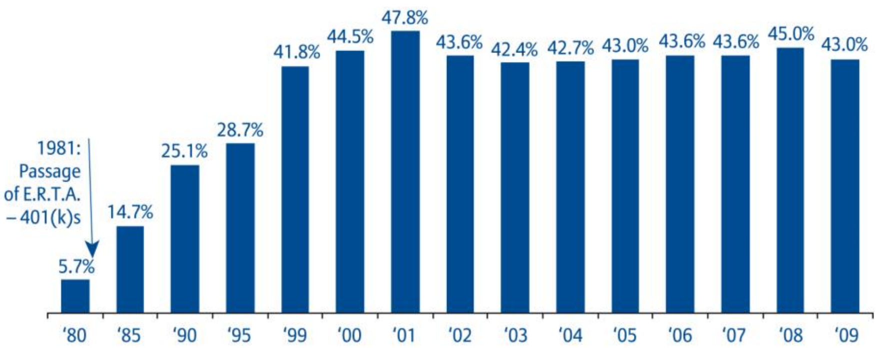
With the cost of commissions down, day trading became prevalent. Many boomers felt empowered that they could create long-term financial security better than the government or those managing pension assets.

This was also the era when new self-directed retirement savings vehicles, such as employer sponsored defined contribution (DC) plans (typified by the 401(k) plan and started by law in 1981) and IRAs (modified and made more relevant beginning in 1981), began to assume prominence in the marketplace. DC plans allowed employers to shift the retirement plan's longevity risk and responsibility from their balance sheet to the employee, while still attracting talent via a match of what an employee contributed to the plan.

Outside of these plans, IRAs empowered individuals to invest in nearly any type of investment for their own personal retirement, giving control to the individual.

With the help of employers who educated their staff about DC plan options, mutual funds became the investment of choice for baby boomers. As seen in the chart below, household ownership of mutual funds rose dramatically from 5% in 1980 to nearly 48% in 2001. Though down from that point, the number remains at 43% even at the end of 2009. Mutual fund ownership in the country now tops $11.5 trillion.[1]

Percentage of U.S. households owning mutual funds



1) Michael Bogdan, John Sabelhaus, and Daniel Schrass, "Ownership of Mutual Funds, Shareholder Sentiment, and Use of the Internet, 2010," Research Fundamentals, Investment Company Institute, September 2010, Vol.19, No. 6.

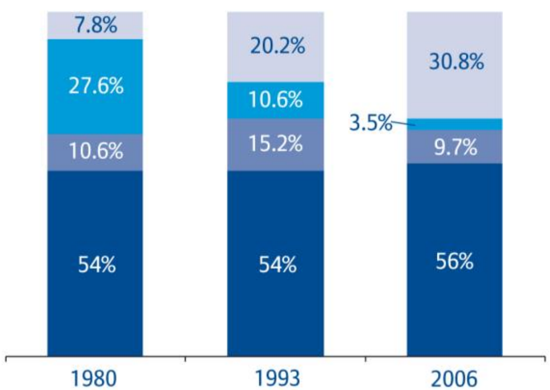
Source: Investment Company Institute, "Ownership of mutual funds, shareholder sentiment and use of the Internet, December 2009

Allianz

The next wave – "lifetime income" and "guarantees"

As the trend toward greater personal control took hold, employers cut back on defined benefit plans. In 1980, 38% of employees were covered at least in part by a traditional pension plan. Over the next three decades, the DB-based guaranteed pension plan eroded significantly, in part due to accounting rule changes, with only 13% covered in 2006. The risk of building sufficient savings (through a workplace plan) to meet a major portion of retirement income needs shifted from the employer to employees. This has created a gap in longevity protection for individuals that is still not widely recognized by Americans today. Perhaps even more worrisome is the fact that the percentage of Americans who are not covered by either a DB or DC plan has remained constant at around 54-56%.

The decline of defined benefit plans



Neither[1]
Both[2]
DB only[2]
DC only[2]

1) "Notes," February 2009, Vol. 30, No. 2, www.ebri.org.
2) "The Financial Crisisi and Private Defined Benefit Plans," Center for Retirement Research at Boston College, November 2008

Note: "Either assumes lives are independent.
Source: LIMRA, "Retirement Income Reference Book," 2009, 71.

As a practical matter, this shift means that stock and bond investing, mutual fund accounts, and real estate investments have become more prevalent with this generation. Bank and insurance products, on the other hand, were mostly off the radar as safety and guarantees took a back seat to achieving higher rates of return and having personal control.

A gap in **longevity** protection is still not widely recognized.

In the wake of the 2008 financial collapse, the next wave of retirement is emerging. As in the past, the shift in attitudes is happening because of powerful and compelling experiences that have hit the American psyche. Memories of the Great Recession will not fade quickly (especially as many are still feeling its effects) just as the greatest generation never let go of beliefs formed from their experiences of the Great Depression.

Having taken on greater personal responsibility for retirement and with the era of retirement bearing down on them, boomers are seeing a new, harsh reality – controlling one's investments can result in greater uncertainty about the future in terms of income, the value of one's portfolio, and longevity risk.

This reality hit home in the first decade of the new millennium. Most baby boomers began investing after the last dramatic and sustained market decline, the 43% drop that occurred in 1973 and 1974.[1] After that point, particularly between 1982 and 1999, stocks enjoyed an unprecedented level of growth. In this case, uncertainty was welcome as most saw their portfolios accumulate faster than the historical

1) Stock Trader's Almanac, 2011.

Twice in a decade, the tables turned dramatically. From 2000 to early 2003, the stock market (as measured by the S&P 500) lost 41% of its value. Then, after recovering from that drop and reaching new heights, the market lost 51% of its value, this time in a span of 17 months (October 2007 to February 2009).[1] This was a seminal moment for those nearing retirement, who had a good portion of their nest egg invested in the stock market. As a result, many were forced to scale back their expectations or even delay retirement in order to rebuild their lost savings.

What has occurred is nothing short of a **decisive shift** in the financial mindset of all Americans.

Prior to the financial crisis, it is doubtful that many consumers would have questioned the benefits of a "buy-and-hold" strategy. It was taken as gospel that equities would gain in value if held for more than a few years. Yet for a two-year stretch dating back to 2008, the 10-year average annual return of the S&P 500 has been in negative territory. Likewise, most boomers assumed they would be able to sell their home if they wished for a tidy profit. That notion has also changed.

What has occurred is nothing short of a decisive shift in the financial mindset for all Americans, but especially for those in or near retirement. According to The Allianz Reclaiming the Future Study (conducted in May 2010), 54% of those aged 44 to 49 said they feel unprepared for retirement. Among the entire baby boomer group surveyed, a desire to lock in guarantees, in lieu of higher returns, has emerged. According to this survey, if given a choice, 80% of baby boomers would select an investment with a 4% return and a guarantee against losses compared to one that paid 8% interest, but was subject to market downturns.

In short, the new buzzwords for aging baby boomers are "lifetime income" and "guarantees."

1) "The Callan Periodic Table of Investment Returns," Callan Associates, 2011.

2 Potential land mines dotting the retirement landscape

How many Americans are prepared to fund their retirement for this length of time?

The risks that lie ahead for new and pending retirees are often ones not talked about, though they have been on the radar for some time.
Taken as a whole, they add to the sense of urgency about finding targeted solutions to help overcome the challenges. Yet, many boomers have not been fully educated about them.
Here are some key risks Americans need to prepare for as they finalize plans for retirement.

Longer life expectancies

In 1939, before America entered World War II, life expectancy was just over 59 for men and slightly above 63 for women. This means that when Social Security was implemented with an eligibility age of 65, the average American would not live long enough to access the benefit.

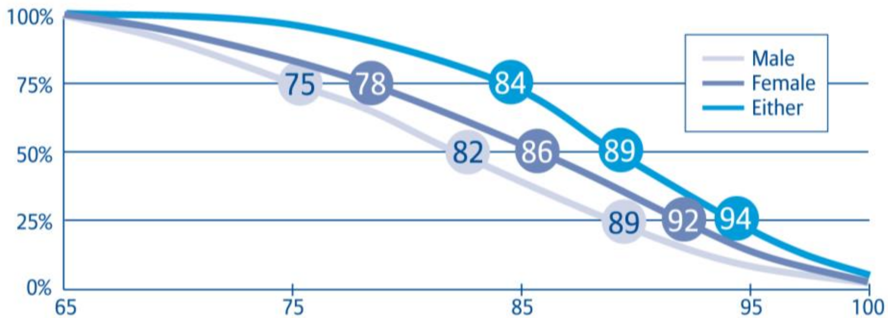
Today, males have a life expectancy of 75 years, while women's life expectancy has reached 80.

These numbers represent a remarkable triumph for our society, as it may be the fastest increase in life expectancy in the course of human history.
It also means, however, that retirement will last much longer than just a few decades ago.

Life expectancy remains unpredictable in an age when new medical technologies may extend life even longer than today. What we do know, however, are the actuarial probabilities to help us measure life expectancy in the aggregate. So for a married couple age 65, a 50% chance exists that at least one of the two will reach age 89; a 25% chance exists that one will survive to age 94.
In other words, that couple faces a one-in-four chance that one of them will be in retirement for three decades or longer.

Retirement will last longer

Probability of 65-year-olds surviving to select ages



Note: "Either assumes lives are independent.
Source: LIMRA, "Retirement Income Reference Book," 2009, 71.

The sustainability of Social Security as we know it

As individuals plot out their potential sources of retirement income, the annual statement from the Social Security Administration provides an estimate of monthly benefits for which they will qualify depending on the age at which they begin drawing on Social Security. If one reads the news on Social Security, questions are increasing as to whether these estimates will remain valid.

As noted previously, when Social Security was created in the 1930s, the average person was not even expected to reach the full retirement age of 65. Though life expectancies have grown dramatically since then, the age at which benefits are paid out of Social Security has not risen to a comparable degree.

Moreover, the system may not be able to support beneficiaries as it did in the past. Most notable is that the ratio of workers paying into the system to support each beneficiary has declined dramatically since 1950, and will continue to decline into the future.

With the balance between contributors and recipients shifting so dramatically, changes to the system seem inevitable. The result could be that government support of retirement may be less than many expected through increases in eligibility age, a reduction in benefits, or a combination of both. This is supported by The ***Allianz Reclaiming the Future*** Study, which found that nearly half of 44 to 49 year olds feel they have a better chance to be struck by lightning than get their full due from Social Security.

Regardless of what happens to the system, Americans need to factor into their planning the idea that Social Security may pay out differently from what is projected today.

Fewer workers to support retirees

Source: "The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Trust Funds," May 12, 2009.

Rising health care costs

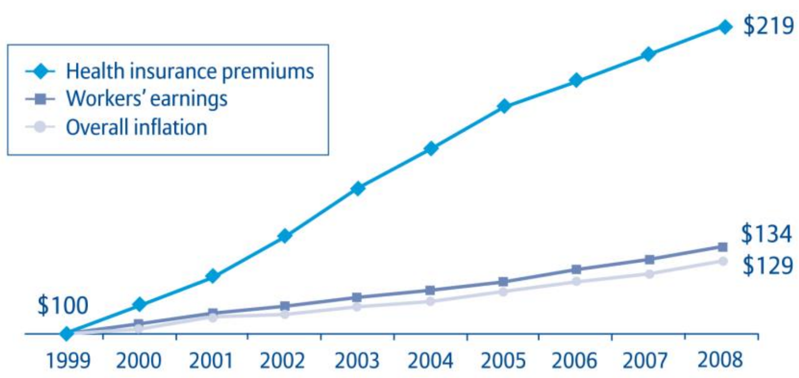
While wages have generally kept up with modest overall inflation during the last decade, at least one area of the economy has experienced far more significant cost increases – health care.

Compared to the 29% increase in the Consumer Price Index from 1999 through 2008, health care expenses rose 119%. The harsh reality for baby boomers is that health care expenses tend to become more significant as they grow older. This is adding a notable cost factor for retirees.

Despite the rising awareness of escalating health care costs, solutions have yet to be found. Even the far-reaching health care reform legislation enacted in 2010 failed to address the two largest drivers of rapid inflation in health costs – obesity and smoking. Recent trends are likely to continue.

Health care can have a dramatic effect on retirement

Cumulative changes in health insurance, inflation, and workers' earnings



The hidden risk – how sequence of returns affects a portfolio

One of the tantalizing and more easily understood concepts for investors is the average rate of return (either for the market as a whole or for specific investments). For example, the average annual return of the S&P 500 from 1990 to 2009 was 8.23%.[1] Yet the range of returns varied dramatically from 37.6% in 1995 to -37.0% in 2008. Averages do not account for the variability of investment performance.

This is not an issue for consumers focused on accumulation who do not draw down on their investments. They can weather the volatile times and ultimately achieve the average return for any given holding period, assuming the dollars stay invested. But for those drawing down assets or taking income from their holdings, the variability of performance can have a huge impact.

1) "The Callan Periodic Table of Investment Returns,"Callan Associates, 2011

Source: "Trends in Health Care Costs and Spending," Kaiser Family Foundation, March 2009.

The SEQUENCE of a portfolio's returns has a large impact on how long assets will last.

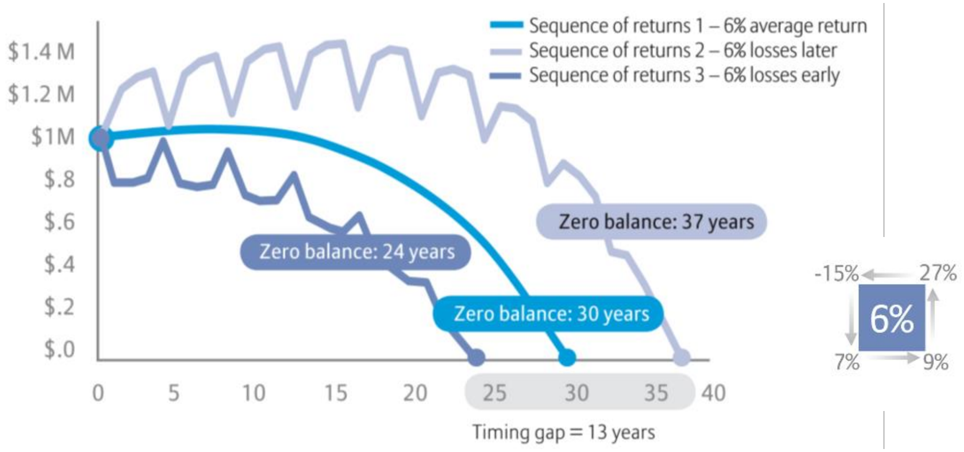
Consider the case of a retired couple with a $1 million nest egg and plans to withdraw 5% per year ($50,000), adjusted for inflation (3.5%) each year. If the portfolio generates a steady annualized return of 6% per year, the couple could count on their distributions lasting for 30 years.

The operative word is "steady," which we know does not happen with markets. What this couple's portfolio will actually reflect is a series of returns, with the sequence of those returns having a large impact on how long the assets will last.

So what happens if the portfolio moves up and down every year? As an example, we can still keep the 6% average return over 30 years, but add four distinct rate-of-return values cycling every four years to see what would happen. The four values would show the portfolio earning 27% in year one, 9% in year two, 7% in year three, and -15% in year four. The rotation begins applying these market returns to the portfolio while withdrawing $50,000 per year until the value hits zero. We then compare that result with the reverse sequence rotation starting with -15%, then 7%, 9%, and 27%. The chart below shows that the different sequencing of returns represents a 13-year difference in how long the money will last.

What we see is that the money could run out much more quickly than anticipated, or could be extended if investments perform better in the early years. The problem is the unpredictability of variable investments in the short run. While it is hard enough to accurately project an average annual return over an extended period of time, it is essentially impossible to project specific returns each year and determine how they will affect a distribution strategy.
No matter how accurate one may be in projecting an "average" return, it provides little assurance that retirement income goals will be met if the sequence of returns happens to work in an unfavorable way.

Sequences of returns matters



This is a hypotethical example and is not intended to project the performance of any specific investment.
If this were an actual product, the returns may be reduced by certain fees and expenses

3 Searching for guarantees in retirement income

The bulk of personal assets right now do not come with GUARANTEES.

A long-standing era in retirement planning may be coming to an end. This is the era of the famed “three-legged stool” referred to earlier, the generally equal mix of income generated by three sources:

- Government (via Social Security)
- Employers (through defined benefit plans)
- Individual savings and investments

The first two legs are becoming increasingly wobbly, while the third – personal assets – is by necessity taking a bigger role in keeping the stool upright. Unfortunately, unlike the other two legs of the stool, the bulk of these assets right now do not come with guarantees.

Social Security

Given strong anti-tax sentiment, a quick fix of Social Security does not appear likely. Without a fix, the Social Security system is estimated to exhaust its trust fund (another word for “surplus”) in 2037.[1] After that, the system will rely entirely on the direct payments of workers to fund beneficiaries, and it is assumed that some reduction from current benefit levels will occur.

In fact, the trend worldwide and even at the state level within the United States is for government cutbacks to retirement programs. Pension reform and increases in the retirement age are taking hold across many parts of Europe. Germany will increase its retirement age over time from 65 to 67 by 2029. France is struggling to move that age from 60 to 62; Greece is moving the retirement age for women from 60 to 65, with financial penalties on early retirement and pensions frozen until 2012.

The International Monetary Fund has urged Spain to increase its retirement age from 65 to 67. The United States last raised its retirement age in 1983 from 65 to 67 for all Americans born after 1960.[2]

Domestically, the state of New Jersey may be setting a precedent by rolling back increases in pension benefits to public employees. With about $46 billion in unfunded liabilities, New Jersey has passed laws rolling back a 9% increase in pension benefits and barring part-time workers from enrolling in the state pension system.[3]

1) “The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds,” U.S. Government Printing Office, May 2009.
2) John Lichfield and Cheryl Roussel, “Sarkozy follows Europe in raising retirement age,” The Independent, May 2010.
3) Angela Delli Santi, “NJ governor signs worker pension reform measures,” Bloomberg Businessweek, March 2010, www.businessweek.com/ap/financialnews/D9EKB5800.htm, October 2010.

Employer plans

The era of big corporate defined benefit plans also appears to have ended, with little likelihood that corporations will change course and begin reinstating such plans, especially as accounting rules now require the funding status of pension plans to appear on corporate balance sheets. Like government, employers are looking for ways to reduce costs. CEOs cannot print money to pay bills, but instead must prove to shareholders that they are good stewards of the company's money. This pressure is unlikely to boost interest in guaranteed retirement income benefits for employees at most firms.

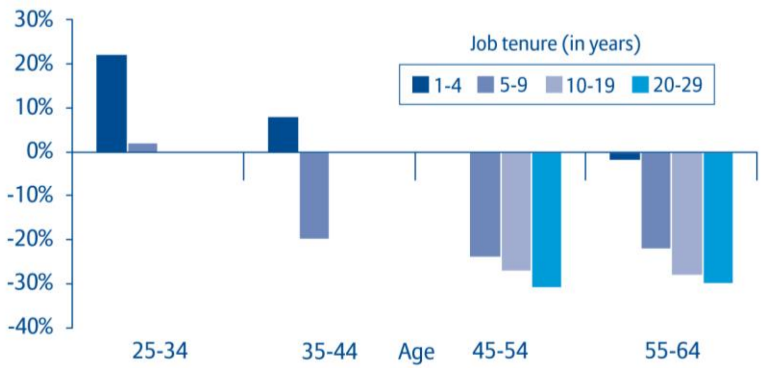
Individual investments

Individuals now have to accept greater responsibility for their own retirement security. The market downturn linked to the Great Recession gave pre-retirees a first-hand "feel" for the pitfalls of a non-guaranteed retirement as well as a powerful motivation to rethink how they position their assets for retirement. From the market peak to its low point during the severe bear market of 2008 – 2009, the value of equity holdings in defined contribution, defined benefit, and household nonpension assets declined by 57%. In dollar terms, these portfolios lost more than $12 trillion.[1] Investment vehicles and diversification strategies intended to help people achieve their retirement goals failed to protect them. Many who spent as many as 40 years accumulating wealth saw much of it evaporate almost overnight.

The losses were most significant for those closest to retirement – a logical outcome given that these people tend to have accumulated the most money. Consumers aged 55 to 64 generally experienced losses of 25% to 30% in their 401(k) plans (from the end of 2007 to January 2009). Thus, the ones most in need of a stable nest egg were the most negatively affected and at precisely the worst time in their retirement trajectory.

Americans have begun to come to grips with a striking reality: It is nearly impossible to feel secure about retirement income if most of it is not guaranteed.

Change in average 401 (k) account balances from 1/1/2008 to 3/2/2009 among 401 (k) participants[2]



1) Alicia H. Munnell and Dan Muldoon, "Equity Declines from October 9, 2007 to March 9, 2009, Trillions of Dollars," Flow of Funds Accounts of the United States, Center for Retirement Research at Boston College, March 2009.

2) Based on account balances as of 12/31/2007. EBRI estimates based on tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project 2008 and 2009 Account Balances.

The rise of the insured retirement solution

What are boomers looking for as they prepare to enter the next stage of life? The answer, as suggested earlier, is lifetime income and guarantees.

Many in the industry have typically followed a strategy of adjusting an asset allocation mix based on the person's age. That allocation process often overlooked the concept of devoting a portion of assets to products that provide guarantees.

Only recently has a new focus been placed on finding a source of income that is guaranteed for life. As boomers enter retirement and try to personally secure new sources of reliable income that will be sustainable regardless of how long they live, they are increasingly interested in insured retirement solutions.

Among the alternatives currently being considered – but that do not provide guarantees – are systematic withdrawal plans or tactics using target date funds. These tactics often take an arbitrary approach of projecting the income stream that will be needed for, say, 20 years. For those 65-year-olds who are looking for an income solution for a set period of time, these options may be suitable. But, of course, the reality is that no one knows how long they will live.

What is being missed is the insured retirement solution based on annuities that allow people to create their own form of a defined benefit pension plan using their own assets. A fundamental activity an insurance company undertakes is to "pool" risk – and it can be risks of all types, such as the risk of having one's property damaged or stolen or the risk of dying too soon, while protecting one's family financially.

In the case of retirement, insurers are in a unique position to pool overall longevity and financial risk and are thus able to give people the opportunity to guarantee a stream of income that can last throughout retirement, even if they live beyond age 100 (there were more than 92,000 centenarians in America in 2008).[1]

Only insurers that offer annuities can pool and thereby eliminate the biggest risk of retirement – outliving one's assets. Insurers offer lifetime income guarantees. Mutual fund companies or brokerage firms, on the other hand, cannot do this and in fact are required by regulators to avoid using the word "guarantee" when connected to their investment offerings. Though banks offer FDIC-insured pro-ducts that guarantee a rate of return, they cannot offer ways of guaranteeing a stream of income for life.

The easiest way to understand this concept with respect to retirement is to see how insurers pool risk in the world of auto insurance. Americans who own cars pay for insurance to protect against loss. If an owner of a $50,000 car buys no insurance and wants to take on the exposure alone, he or she is liable for the entire $50,000 of any potential loss. If two people take on the risk, each is willing to pay $25,000 if one car is lost. Spreading the risk among 10 people reduces the exposure to $5,000. If 20 drivers pool their risk, each is on the hook for just $2,500 if one of those 20 autos should be lost.

The concept of pooling risk to protect retirement is the same. In this case, the risk is the possible exhaustion of personal savings before the end of life.

Only insurers that offer **annuities** can pool and thereby eliminate the biggest risk of retirement – outliving one's assets

1) A Profile of Older Americans: 2009, Administration on Aging, U.S. Department of Health and Human Services.

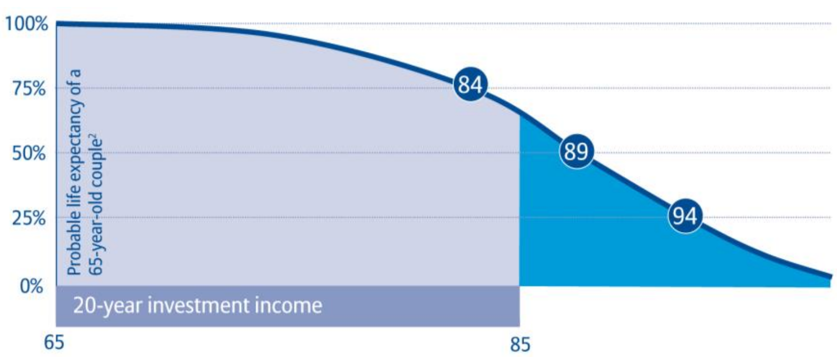
If we look at existing models of accessing a portfolio for 20 years of income in the chart below, we see that there's an income gap that exists when a person reaches 85 years of age. The bright blue zone in this chart is the unfunded area of retirement that occurs when the assets are fully depleted. At this point, the consumer must rely almost exclusively on what Social Security provides.

If we then look at pooling risk to take away that longevity risk for the consumer, we see that the insurer is able to cover the gap of living beyond age 85. With a guaranteed benefit, for those who die before they've received 20 years of income, their annuity contract value will go to their beneficiaries. For those who live longer, the pooled assets in the insurer's general account provide for a longer benefit.

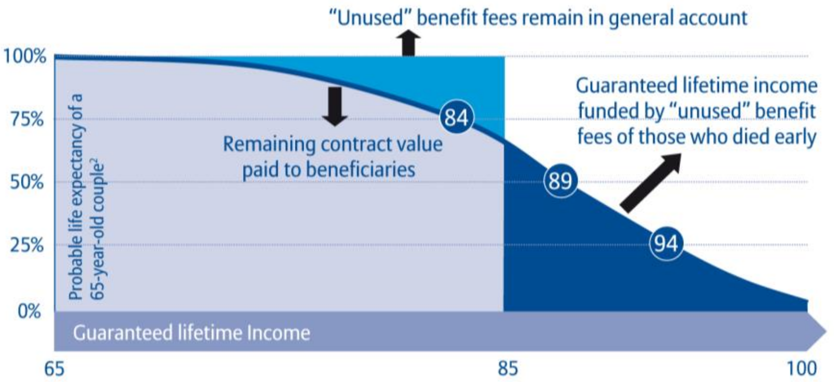
This is how insurers can guarantee income for life. They pool the risk of a large group of people to help pay for the people who live longer.[1]

There may be no greater financial threat facing consumers today than the risk of outliving one's assets. More than ever, Americans have been left to their own devices to resolve this challenge. Annuities offer a similar level of protection for retirement that auto insurance does for a car owner.

Designed to last 20 years



The insurer's advantage – pooling of risk



1) Please note: This is for demonstration purposes only. Surrender charges may play a larger role in funding guaranteed lifetime income than account values forfeited by lifetime annuitants who die after receiving only a few payments.
2) LIMRA, "Retirement Income Reference Book," 2009, 71.

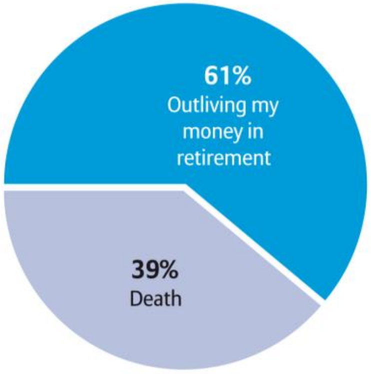
Allianz

4 New attitudes – new opportunities

The IDEAL FINANCIAL PRODUCT that consumers want is, in fact, what an annuity has to offer

Baby boomers are increasingly becoming aware of the risk of outliving one's assets. In The Allianz Reclaiming the Future Study, boomers indicated that their greatest fear in retirement is not death, but the risk of outliving their assets. While 39% feared the grim reaper, 61% said "outliving my money in retirement" was a bigger fear.

Which do you fear most?



This fear is not only gripping older boomers who are near retirement and may be dealing with severe portfolio shock just when they need to start tapping their savings. The study also shows that the concern is even more pronounced for the youngest of the boomers who may still have 20 years of work and wealth accumulation ahead of them. For those aged 44 to 49 who are married and with dependents, the fear of outliving assets more than death jumps to 82%.

Boomers are not alone in this desire to know more about how to maintain income for life. Financial professionals now recognize the need to make adjustments. According to a 2009 survey of 1,200 financial professionals conducted for the Life Insurance Marketing Research Association (LIMRA), advisors indicated that the top three primary areas about which they want to be more informed are:

1. Strategies to guarantee income in retirement (76%)
2. Strategies to minimize the risk of outliving assets (74%)
3. Techniques to protect against market volatility (70%)

Annuities by another name

Change is clearly under way in the world of financial planning for retirement. Individuals, financial professionals, and government regulators are publicly stating a desire for guaranteed retirement income solutions, with annuities playing a central role. The problem, however, is that the word "annuity" continues to have a negative perception in the general public based on attitudes formed about the products 10 to 20 years ago.

The Allianz ***Reclaiming the Future*** Study found that of the 15 different attributes of financial products that survey respondents were asked to rate, the top five most important were:

1. Stable, predictable retirement standard of living
2. Guaranteed income stream for life
3. Guaranteed not to lose value
4. Protection against market downside
5. Don't need to think about it, stable, and predictable

In short, the ideal financial product that consumers want is, in fact, what an annuity has to offer – even if they do not realize that these are the attributes of annuities. Also noteworthy is that the lowest-rated of the 15 characteristics was "the opportunity to participate in market upside."

Source: The Allianz ***Reclaiming the Future*** Study, 2010.

The demand and need for guaranteed lifetime income planning and long-term security will only grow in coming years.

The problem, however, is that misperceptions about annuities continue to dominate. The Allianz ***Reclaiming the Future*** Study also showed that 54% of consumers expressed distaste for the word "annuities," even though they described the exact features and benefits of annuities as what they were looking for. Just when consumers might be interested to learn about and benefit from annuities, uttering the word itself could be comparable to letting the air out of a balloon.

Most consumers admit that their biased view against annuities is based on information from 10 to 20 or more years ago. One in four said they determined their perception of annuities more than 20 years ago. In addition, 64% admit they have never researched to learn more about annuities since forming their views. These negative views may be reinforced by commentators in the media who have reflexively attacked annuities, often without understanding them.

Happiness is an annuity owner

For those who have a knee-jerk reaction against annuities, a surprising fact from the Allianz study is that an informed owner of an annuity is a happy consumer:

- 80% of annuity owners are happy with their purchase because of the safety, security, and protection they benefit from. This ranks second-highest in satisfaction among all financial products.
- Yet 46% of respondents say their financial professional has not presented an annuity as an option.
- Another 19% are not certain whether an annuity was ever recommended.

Conversations about annuities often have to start with the basic benefits the product provides rather than discussing the name itself. All too often, retirement planning discussions never start because the financial professional's visceral reaction against the word "annuity" preempts the conversation. This has to change, if only to allow the consumer education process to continue so that a fully informed decision may be made about guaranteeing lifetime income.

New ways of describing an annuity are emerging that better reflect what the product can provide consumers. "Longevity insurance" and "retirement insurance" are just two that are increasingly used to help consumers more easily understand the benefits of this product set. Consumers also need to be reminded that taking no action is not an option, given the dramatic new pressures building up on retirement systems. The model of retirement that they may have adopted and fully believed in just a few years ago may not be appropriate in the future. Since guarantees from the government or employers have been reduced, consumers need to be made aware of other sources of guaranteed income, which is a long-term education process.

Lastly, it is important to emphasize that annuities are not the only solution and may not be appropriate for every financial challenge a consumer faces today. Many of the negative impressions of annuities were created by those who oversold the product or tried to portray it as something it was not. Achieving a healthy understanding of the role an annuity plays in an overall portfolio is the appropriate step consumers need to take.

The world of retirement planning has changed. The fundamental perceptions of how best to prepare for retirement in an increasingly uncertain economy and world have also changed. Whether or not consumers, educators, politicians, the media, government officials, or business leaders want to accept or acknowledge this structural change, one thing is certain – the demand and need for guaranteed lifetime income planning and long-term security will only grow in coming years.

About Allianz

Any financial product is only as strong as the company behind it. And as a leading provider of retirement solutions, Allianz Life Insurance Company of North America (Allianz) has the strength and stability to always remain true to our promises.

We serve millions of customers, with over 2.2 million policies issued for wealth management products that include fixed and variable annuities, and universal life insurance. Founded in 1896, Allianz Life Insurance Company of North America provides innovative financial solutions for wealth accumulation, predictable retirement income, and protection of assets.

We're part of a global financial powerhouse. Our parent company, Allianz SE, is the world's 20th largest company[1] and the world's third largest money manager.[2] Allianz SE serves nearly 75 million customers in 70 countries.
The Allianz SE family of companies in North America, includes Fireman's Fund®, a premier property and casualty insurance company for more than 140 years; and Allianz Global investors, a network of companies that includes PIMCO (Pacific Investment Management Company LLC), one of the world's leading fixed-income money managers.

We have a conservative investment management philosophy designed to weather all market conditions and achieve long-term results, based on diversification across asset types; high credit rating requirements; a high level of liquidity; and strong risk modeling. By monitoring and controlling risks in real time, we have the potential to hedge against both general market turbulence and financial crises.

We've earned consistently high financial ratings from independent rating agencies including Standard & Poors, A.M. Best, and Moody's.[3]
In fact, we were never downgraded during the recent market crash.

1) "Fortune Global 500," Fortune, July 26, 2010. Fortune's ranking is based on revenue.
2) "The P&I/Towers Watson World 500: The World's Largest Money Managers," Pensions & Investments, October 18, 2010 (www.pionline.com). Ranked by total assets under management.
3) These independent agency ratings are based on an analysis of financial results and an evaluation of management objectives and strategies.The ratings do not indicate approval by the analysts and are subject to change.

Guarantees are backed by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America.
Variable annuity guarantees do not apply to the performance of the variable subaccounts, which will fluctuate with market conditions.

Products are issued by Allianz Life Insurance Company of North America. Variable products are distributed by its affiliate,
Allianz Life Financial Services, LLC, member FINRA, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. www.allianzlife.com

Product design and risk management

Neil McKay

Chief Actuary
Allianz Life

New York, July 21, 2011

Capital Markets Day

Allianz

Key products

	Fixed indexed annuities		Variable annuities
2010 sales	USD 6.9bn		USD 3.2bn
Structure	Spread-based – backed by general account		Fee-based – contract value backed by separate accounts; guarantees backed by general account
Benefits / features	▪ Principal protection ▪ Capped participation in market growth ▪ Lifetime income guarantees ▪ Death benefit protection ▪ Tax deferral		▪ Market participation ▪ Lifetime income guarantees ▪ Death benefit protection ▪ Tax deferral
Market	▪ Market size USD 32bn[1] ▪ 10-year CAGR 20% ▪ AZ Life Market share 21%[2] ▪ Rank #1[2]		▪ Market size USD 138bn[1] ▪ 10-year CAGR 0% ▪ AZ Life market share 2.5%[2] ▪ Rank #11 (#7 non-captive)[2]

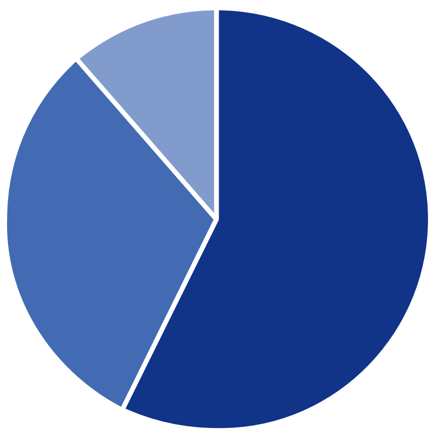
1) Based on 2010 annual sales
2) Based on 1Q 2011
Source: VA market: Morningstar / MARC; FIA market: Advantage index report & internal analysis

Portfolio overview
(31.12.2010)

Business in-force (IFRS reserves)

Total: USD 85bn

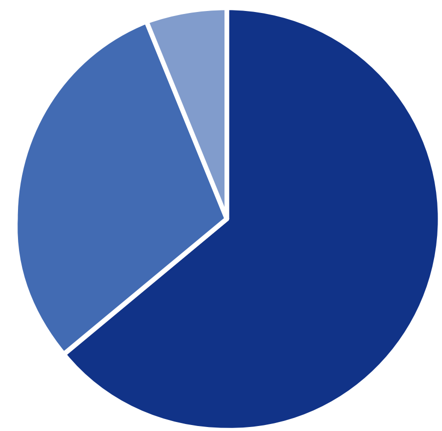
FIA	57% /	49bn
VA	31% /	27bn
Other	12% /	10bn



New business (statutory premiums)

Total: USD 10.8bn

FIA	64% / 6.9bn
VA	30% / 3.2bn
Other	6% / 0.7bn

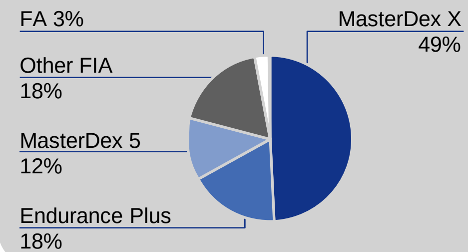


Products – fixed annuities in general

Primary product types

Traditional fixed annuities (FA)	Annuity contract whereby the policyholder is credited with a fixed rate of interest during the accumulation stage on funds placed in the contract; policyholder principal is not at risk[1]
Fixed indexed annuities (FIA)	Annuity contract whereby the policyholder is credited interest based on movements in stated equity or bond market indices; policyholder principal is not at risk[1]

Top selling products in 2010



Fixed indexed annuities

- Policyholder has the option to elect how indexed interest will be calculated, including annual point-to-point, monthly sum, monthly average, etc.
- Indexed interest is typically credited annually and may not be negative
- Index returns are subject to a:
  - Cap: the maximum index performance that will be credited to the policyholder in a specified period
  - Participation rate: the percentage of index gains off which the indexed interest is based
- Increasingly, FIAs are including guaranteed living withdrawal benefits which provide for lifetime withdrawal of stated percentage of benefit base, regardless of accumulation value

1) Surrender charge may result in partial loss of principal; guarantees are backed by the financial strength and claims-paying ability of the issuing company

Allianz

Primary FIA product – MasterDex X

MasterDex X overview

Basics

- Launched in 2008 – largest selling FIA product in industry for past two years[1]
- Limited flexible premium deferred FIA
- Premium bonus
- 10-year surrender charge schedule
- Allianz purchases duration-matched bonds while purchasing derivatives to hedge/fund the liability option

Crediting

- Annual point-to-point – indexed interest calculated based on change in index values from first day of policy year to last day of policy year, limited by an annual cap
- Monthly sum – indexed interest calculated based on change in index values in each policy month and adding the 12 monthly returns over the policy year, limited by a monthly cap
- Monthly average – indexed interest calculated by comparing average index value for preceding twelve months with index value at beginning of year, limited by an annual spread
- Rates, caps and spreads are declared annually in advance of the policy year

Indices

- S&P 500, NASDAQ 100, EURO STOXX 50
- Blended (Dow Jones, BCAG[1], EURO STOXX 50, Russell)

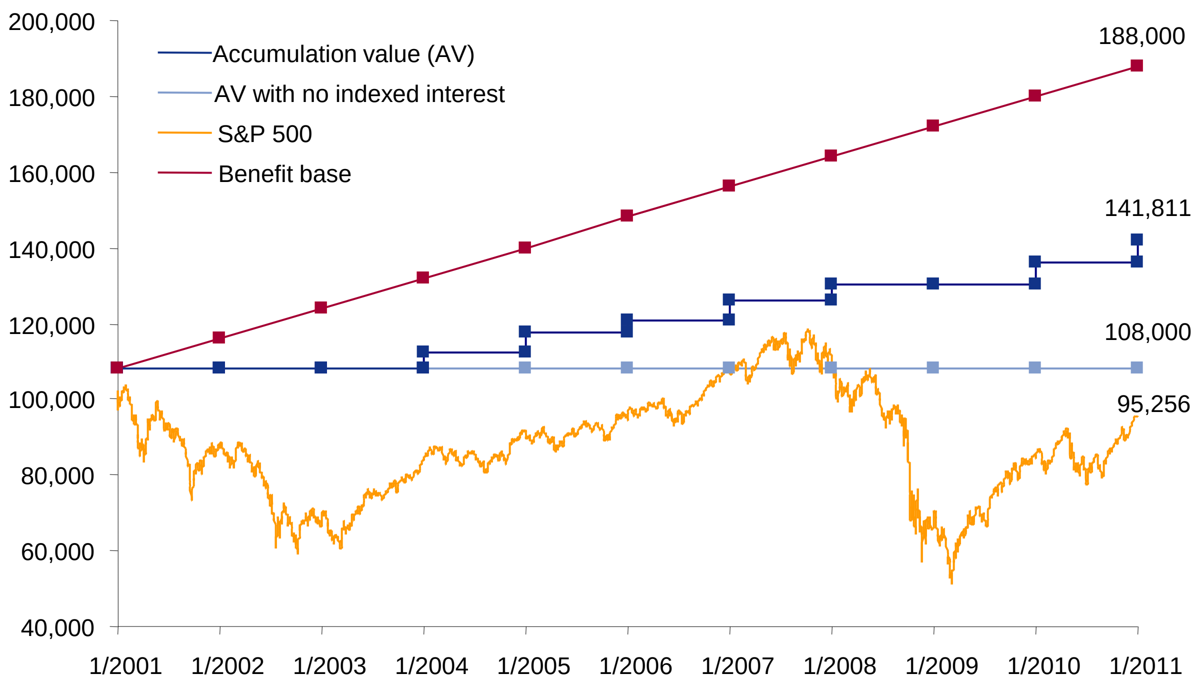
Simple Income III rider

- Optional rider providing guaranteed withdrawal benefit; available for a fee
- Benefit base is equal to the highest of the accumulation value or an annual increase (rollup)
- Lifetime income payments are age-based and include 3 optional payment patterns:
  - Level payments over remaining lifetime
  - Lower initial payments that increase with any interest credited
  - Lower initial payments that increase with CPI[2] growth
- Election of lifetime income is available from policy issuance

1) Source: Advantage Compendium
2) Barclays Capital US Aggregate Bond Index
3) Consumer Price Index
Note: must be accompanied by MasterDex X disclosure within section

FIA provides accumulation and protection

MasterDex X illustration[1] (USD)



- Assumes USD 100k single premium
- Assumed product features:
  - Premium bonus = 8%
  - Rollup = 8% simple
  - Annual cap = 4.25%[2]
- Benefit base only available in form of withdrawal benefit
- Withdrawal benefit limited to fixed percentage of benefit base annually based on policyholder age at election
- Benefit base stops growing[3] after income election

Interest potential with insurance protection for longevity risks

1) Assumes product was available and issued on 01.01.01; indexed interest based on actual index results from 31.12.00 to 31.12.10; does not take into consideration the surrender charges in effect for the first 10 years
2) Annual point-to-point crediting 100% allocated to S&P 500 index; cap guaranteed to never be less than 0.50%
3) By the 8% simple rollup rate

Note: Must be accompanied by MasterDex X disclosure within section

MasterDex X disclosures

The premium bonus becomes vested over a 10-year period at 10% on each contract anniversary. None of the bonus is vested during the first contract year. If the contract is surrendered during the 10-year vesting period, the client will lose the portion of the bonus that is unvested. Since this is a bonus annuity, it may include higher surrender charges, longer surrender charge periods, lower interest rates, lower caps, higher spreads, or other restrictions that are not included in similar annuities that don't offer a premium bonus. During the first 10 contract years, a surrender charge starting at 10% will apply if the contract is partially or fully surrendered. The same would apply if annuitization begins prior to the sixth contract year, or for fewer than 10 contract years. These charges may result in a loss of vested and unvested bonus, any earned interest, and a partial loss of principal.

Past interest crediting is not a guarantee of future results.

Multiple crediting methods and index allocations are available. No single crediting method or index allocation consistently delivers the most interest under all market conditions.

The contract purchaser is not buying shares of stock, a bond, or shares of an index fund, and FIAs do not directly participate in the returns of any stock, bond, or other investment underlying the index.

The purchase of an annuity is an important financial decision. You should have a full discussion with your financial professional before making any decision.

C52575 and R91077-01 and state variations are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. 800.950.1962 www.allianzlife.com

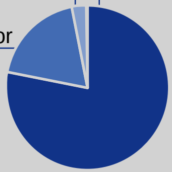
Standard & Poor's 500® index (S&P 500®) is comprised of 500 stocks representing major U.S. industrial sectors. "Standard & Poor's®," "S&P 500," "Standard & Poor's 500," and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Allianz Life Insurance Company of North America. The product is not sponsored, endorsed, sold, or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the product.

Product, rider, and feature availability may vary by state.

Allianz

Products – variable annuities in general

Top selling products in 2010 (Vision)[1]



General

Variable annuity	▪ Annuity contract whose value fluctuates based on performance of an underlying investment portfolio (i.e., subaccounts); benefit payouts will vary based on account value of the contract
Investment options	▪ Policyholders allocate funds to equity/bond subaccounts segregated from the assets of the insurer, and in some cases may allocate to a fixed account ▪ Subaccount funds vary by investment strategy, risk profile, etc. and may be limited depending on whether any VA guarantees are elected

VA guarantees

GMWB / GLWB	▪ Guaranteed minimum/lifetime withdrawal benefit – provides for annual or lifetime withdrawal of stated percentage of benefit base, regardless of contract value
GMDB	▪ Guaranteed minimum death benefit – provides for a minimum payout upon death, regardless of contract value
GMIB	▪ Guaranteed minimum income benefit – provides for return of minimum value through annuitization, regardless of contract value
GMAB	▪ Guaranteed minimum accumulation benefit – provides for minimum account value available for withdrawal/surrender after a stipulated waiting period

1) Allianz Vision variable annuity was the only VA product being sold in 2010

Allianz Vision variable annuity

Contract	Mortality and expense risk charge[1]	Withdrawal charge (for each purchase payment)
Base	1.40%	7 years
Short withdrawal charge	1.65%	4 years
No withdrawal charge[2]	1.75%	None
Bonus[3]	1.70%	9 years

1) The Mortality and expense risk charge is based on the net asset value of the investment options.
2) Must select an optional rider at issue: Income Protector or Investment Protector.
3) 6% bonus on all purchase payments received before the older owner's 81st birthday. Bonus vesting based on complete years since receipt of purchase payments: 0 years = 0%, 1 year = 35%, 2 years = 70%, and 3 years = 100%.purchase payment subject to a three-year vesting schedule. As with all bonus annuities, please understand that they may carry higher fees and charges than variable annuities without the bonus feature. Product and feature availability may vary by state and broker/dealer.

Allianz

Primary VA product – Vision

Vision VA

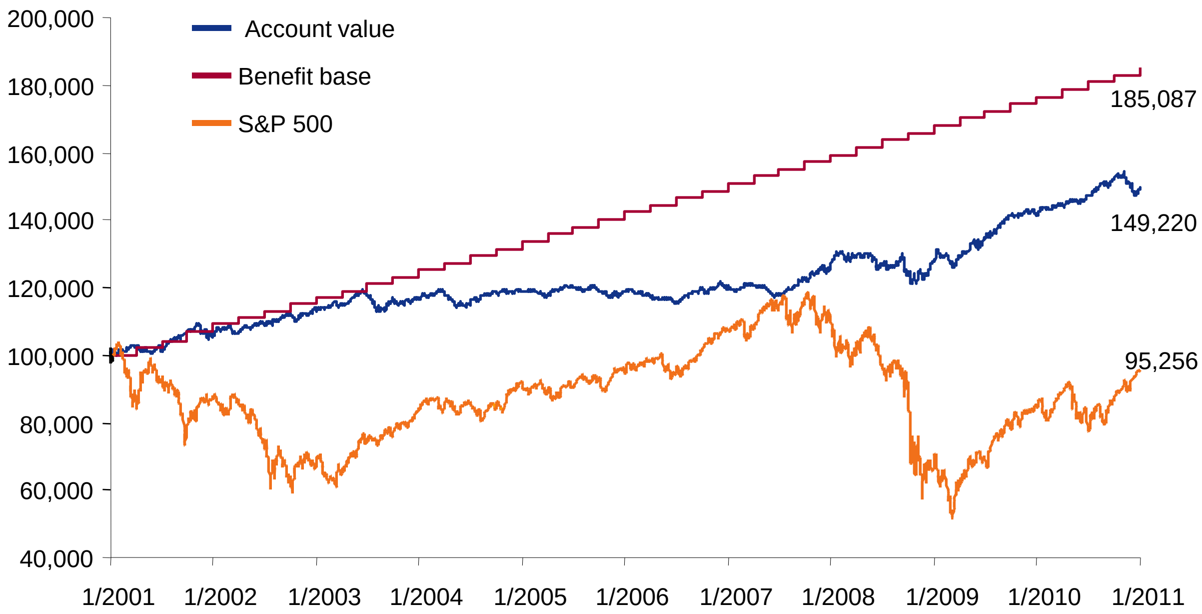
Income Protector (GLWB)	Investment Protector (GMAB)
▪ Offers protected retirement income through an optional guaranteed lifetime withdrawal benefit (GLWB feature) ▪ Benefit base – equal to the highest of quarterly anniversary value, an annual increase, or current contract value; this is used to calculate lifetime income payments when elected ▪ Lifetime income payments – age-based and can increase after election depending on contract performance and attained age ▪ Election of lifetime income is available from policy issuance ▪ Also provides traditional or enhanced GMDB feature ▪ Investment allocation options are limited with this guarantee	▪ Provides for a level of principal protection through a target value (GMAB feature optional) - Target value initially equal to principal payments with future gains locked in on each contract anniversary - Initial waiting period of at least 10 years - Also provides traditional or enhanced GMDB feature ▪ Investment allocation options are limited with this guarantee ▪ Automated rebalancing to more conservative allocations occurs over the life of the contract based on remaining time until target date and contract performance

The Income Protector and Investment Protector are optional riders available for an additional fee. The current individual/joint fee is 1.05%/1.20% for Income Protector and 0.9% for Investment Protector, and these fees can increase to a maximum of 2.50%/2.75% and 2.50%. The Vision variable annuity has a maximum surrender charge starting at 8.5% which reduces to 0% in the ninth contract year.

To obtain a prospectus for the Vision contract and underlying Investment Options, call (800) 542-5427. The prospectuses contain important information about product features, objectives, risks, charges, and expenses, which should be read thoroughly and carefully before investing or sending money.

VA provides market upside with income benefits

Vision (Income Protector) illustration (USD)



- Assumes USD 100k single premium
- Assumed product features:
  - Rollup = 8% simple with a quarterly reset and step-up to account value
  - Illustrated with full allocation to PIMCO Total Return fund
- Benefit base only available in form of withdrawal benefit
- Withdrawal benefit limited to fixed percentage of benefit base annually based on policyholder age at time of election (e.g., 4.5%)
- Benefit base stops growing after income election

This hypothetical example is provided to show conceptually how the 8% Annual Increase, automatic quarterly reset feature, and single Lifetime Plus Payments might work in a down market. It does not predict or project the actual performance of Allianz VisionSM Variable Annuity or its investment options. These examples assume the Income Protector is selected at issue, and no withdrawals (other than Lifetime Plus Payments) or partial annuitizations are taken. Please note that an annual maximum mortality and expense risk charge of 1.40% for the Base contract, an average investment option expense of 1.05%, and a maximum rider charge of 2.50% for the Income Protector (as a percentage of the Benefit Base) are reflected in the values shown. The current rider charge of 1.05% (subject to change) is not reflected.

The historical returns for the Pimco Total Return Fund were at 6/30/11: 1yr: -5.38%, 5yr: 4.15%, 10yr: 3.53%; figures reflect deduction of actual expense of each listed Investment Option and an annual contract maintenance charge of $ 50 at end of each year. Also included are the maximum potential charges and expenses of 3.15% with a withdrawal charge that begins at 8.5% and declines to 0% over 7 years.

Allianz Vision Variable Annuity

- VAs are long term investments designed for retirement purposes
- They offer tax deferral, the potential for accumulation based upon changes in select variable investment options, and the opportunity for an income stream that can't be outlived
- VAs involve market risk, and it is possible to lose money; however, clients can purchase optional riders that offer guarantees to income or investment growth.
- VAs involve insurance-related fees & charges, such as M&E risk charges, and investment and administrative fees
- Withdrawals from VAs are subject to income taxes, and if taken prior to age 59-1/2, an additional 10% federal tax penalty

Allianz

Allianz Vision℠ Variable Annuity

Minimum purchase payment	• **Initial:** $10,000 qualified and nonqualified; $25,000 if selecting No Withdrawal Charge Option • **Subsequent:** $50			
Issue ages	0-80			
Contract	**Base (7 years)**	**Short Withdrawal Charge (4 years)**	**No Withdrawal Charge (0 years)**	**Bonus (9 years)**
Mortality and expense risk charge and contract maintenance charge	1.40% – $50 annually (waived for contract values of $100,000 or more)	1.65% – $50 annually (waived for contract values of $100,000 or more)	1.75% – $50 annually (waived for contract values of $100,000 or more)	1.70% – $50 annually (waived for contract values of $100,000 or more)
Withdrawal charge (for each purchase payment)	7 years (8.5%, 8.5%, 7.5%, 6.5%, 5.0%, 4.0%, 3.0%, 0%)	4 years (8.5%, 7.5%, 5.5%, 3.0%, 0%)	None: Client must select the Income Protector or Investment Protector.	9 years (8.5%, 8.5%, 8.5%, 8.0%, 7.0%, 6.0%, 5.0%, 4.0%, 3.0%, 0%)
Bonus – As with all bonus variable annuities, please understand that they may carry higher fees and charges than variable annuities without the bonus feature.	N/A	N/A	N/A	6% on all purchase payments received before the older owner's 81st birthday. Bonus vesting schedule completed # of years since receipt of purchase payments. **Years** 0 1 2 3 **Vesting** 0% 35% 70% 100%
Death benefit	Choose between two death benefits. The Quarterly Value Death Benefit is available for an additional 0.30% M&E charge. In order to select the optional Quarterly Value Death Benefit, the client must also select either the optional Income Protector or Investment Protector rider at issue.			
Investment options	Over 50 investment options from more than 10 highly respected money managers. If the Income Protector is selected, allocation rules apply and we will automatically rebalance clients' assets every quarter to maintain the most recent allocation instructions for future purchase payments.			
Annual operating expense of investment options	**Minimum Net/Gross** 0.49%/0.54% **Maximum Net/Gross** 1.65%/2.08% Net expenses include contract fee waivers and expense reimbursements.			
Payout options	• Life • Life with period certain • Joint and last survivor • Joint and last survivor with period certain • Refund life			

Optional Income Protector rider

Income Protector

- Issue age 0-80 for covered persons
- Single Lifetime Plus Payment: Current rider charge at issue is 1.05%.
- Joint Lifetime Plus Payment: Current rider charge at issue is 1.20%.

Charge is a percentage of the Benefit Base (deducted quarterly) and is subject to change on each quarterly anniversary, but will never be less than the minimum (0.50%) or greater than the maximum (2.50% for single, 2.75% for joint). The rider charge cannot increase/decrease more than 0.50% in any 12-month period.

The Income Protector establishes the Benefit Base, which is used to calculate the Lifetime Plus Payments and the rider charge. The Benefit Base is adjusted for any withdrawals other than Lifetime Plus Payments. Withdrawals include any applicable withdrawal charges and partial annuitizations.

Growth opportunities – Allocate money among investment options from professional money managers in multiple asset class categories. Allocation rules apply. These rules may help protect income by limiting allocations of the contract value to aggressive investment options. This may limit the downside risk and the upside potential to the contract.

Building the Benefit Base

- **Quarterly Anniversary Value:** On each contract quarterly anniversary, the current contract value is automatically locked in if it's higher than the previously locked-in value. The contract value may be higher between quarterly anniversaries, but will not be locked in.
- **8% Annual Increase:** Prior to beginning Lifetime Plus Payments, the purchase payments are guaranteed to increase by 8% annually at a simple interest rate of 2% on each quarterly contract anniversary for up to 30 years or until the older covered person is 91 years old, whichever occurs first.
- **Automatic reset:** On a quarterly basis, the 8% Annual Increase will automatically reset, prior to the older covered person's age 91. If the contract value on a quarterly anniversary is higher than the current 8% Annual Increase, we will set the 8% Annual Increase to equal the contract value, if higher.

When they want it – Lifetime Plus Payments can be chosen at any time following the younger covered person's 60th birthday. Single Lifetime Plus Payments are guaranteed for the life of the covered person. Joint Lifetime Plus Payments are guaranteed for the life of the covered person and their spouse. The initial annual maximum Lifetime Plus Payment will be based on the client's Benefit Base, multiplied by the payment percentage based on the younger covered person.

Age	Payment %
60-64	4%
65-79	4.5%
80+	5.5%

How they want it – Lifetime Plus Payments are guaranteed for life and the client can choose to receive the maximum payment with opportunities for income payment increases.

- **Annual payment increase:** Every year, prior to the older covered person attaining age 91, if they took their maximum payments for the year, next year's annual maximum payment will increase if their contract value increases. On each benefit anniversary, we compare the current contract value to the contract value from the previous benefit anniversary. If the current contract value is higher, the Lifetime Plus Payment and Benefit Base will increase by the same percentage as the increase between the two contract values.
- **Moving into a higher payment percentage:** Every year, prior to the older covered person attaining age 91, we compare the payment percentage based on the younger covered person's current age and contract value to the current payment. If this results in a higher maximum payment, we will set the Benefit Base equal to the current contract value and increase their annual maximum payment.

Income Protector in a down market

	Year	End-of-year contract value	Benefit Base	Lifetime Plus Payments	Surrender Value	Death Benefit Value
Accumulation	1	$95,042	$108,000	NA	$86,542	$100,000
	2	$90,005	$116,000	NA	$81,505	$100,000
Distribution	3	$79,872	$116,000	$5,220	$72,372	$94,200
	4	$69,982	$116,000	$5,220	$63,482	$88,044
	5	$60,331	$116,000	$5,220	$55,331	$81,477
	6	$50,911	$116,000	$5,220	$46,911	$74,427
	7	$41,718	$116,000	$5,220	$38,718	$66,796

This hypothetical examples reflects an initial purchase payment of $100,000 and a gross aggregate investment option return of 0.00% in the first seven years. All values reflect the net rate of return of -6.50%, which takes into consideration an annual maximum mortality and expense risk charge of 1.40% for the Base contract, and an average investment option expense of 1.05%. The net rate of return also considers the maximum rider charge of 2.50% for the Income Protector (single Lifetime Plus Payments), which is a percentage of the Benefit Base. The current rider charge of 1.05% (subject to change) is not illustrated, and values reflected would be higher.

Income Protector fixed rate of return

	Year	End-of-year contract value	Benefit Base	Lifetime Plus Payments	Surrender Value	Death Benefit Value
Accumulation	1	$102,815	$108,000	NA	$94,315	$102,815
	2	$105,580	$116,000	NA	$97,080	$105,580
Distribution	3	$102,862	$116,000	$5,220	$95,362	$102,862
	4	$99,997	$116,000	$5,220	$93,497	$99,997
	5	$96,976	$116,000	$5,220	$91,976	$96,976
	6	$93,790	$116,000	$5,220	$89,790	$93,790
	7	$90,431	$116,000	$5,220	$87,431	$90,431

This hypothetical examples reflects an initial purchase payment of $100,000 and a gross aggregate investment option return of 8.00% in the first seven years. All values reflect the net rate of return of 2.44%, which takes into consideration an annual maximum mortality and expense risk charge of 1.40% for the Base contract, and an average investment option expense of 1.05%. The net rate of return also considers the maximum rider charge of 2.50% for the Income Protector (single Lifetime Plus Payments), which is a percentage of the Benefit Base. The current rider charge of 1.05% (subject to change) is not illustrated, and values reflected would be higher.

Income Protector in fluctuating market

	Year	End-of-year contract value	Benefit Base	Lifetime Plus Payments	Surrender Value	Death Benefit Value
Accumulation	1	$110,845	$112,200	NA	$102,345	$110,845
	2	$105,248	$121,000	NA	$96,748	$105,248
Distribution	3	$115,773	$133,100	$5,445	$108,273	$115,773
	4	$107,023	$133,100	$5,989	$100,523	$107,023
	5	$91,196	$133,100	$5,989	$86,196	$91,196
	6	$98,492	$143,748	$5,989	$94,492	$98,492
	7	$86,027	$143,748	$6,468	$83,027	$86,027

This hypothetical examples reflects an initial purchase payment of $100,000 and a gross aggregate investment option return of 8.00% in the first seven years. All values reflect the net rate of return of 2.15%, which takes into consideration an annual maximum mortality and expense risk charge of 1.40% for the Base contract, and an average investment option expense of 1.05%. The net rate of return also considers the maximum rider charge of 2.50% for the Income Protector (single Lifetime Plus Payments), which is a percentage of the Benefit Base. The current rider charge of 1.05% (subject to change) is not illustrated, and values reflected would be higher.

Allianz

Key risks: FIA

Risk		Mitigation
Interest rate environment	Decreasing rates reduce investment yields and may cause spread compression	1 2 4
	Higher rates may cause increase in lapse activity	1 2 4
	Defaults on fixed income investments can cause pressure on earnings	1 2
Equity market environment	Credited amounts are driven by equity market performance	3
	Changes in market volatility may impact hedging costs	1 2
Policyholder behavior	Deviation from expected policyholder behavior such as lapse rates, etc. may impact expected profitability	1 2
Longevity	Longer life expectancies due to mortality improvements may impact benefit costs	1 2

1 Product design
2 Product management (new and inforce)
3 Hedging
4 ALM (asset / liability management)

Key risks: VA

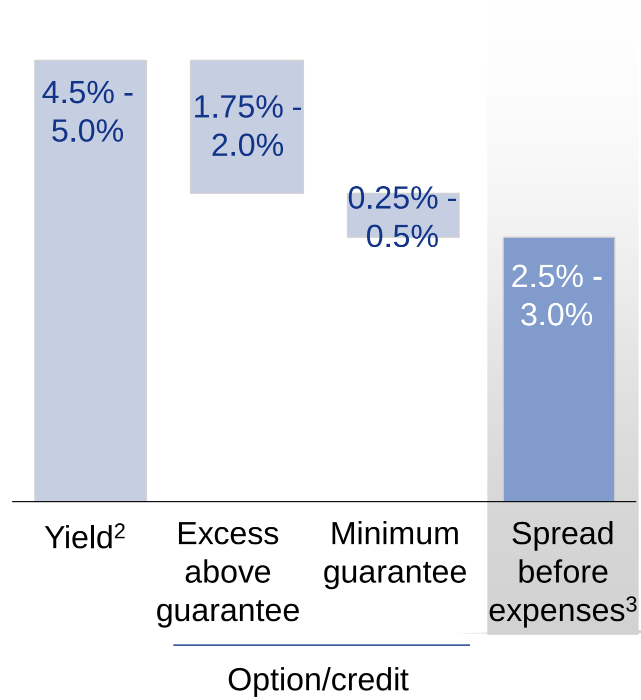
Risk		Mitigation
Interest rate environment	▪ Lower interest rates can lead to higher value/cost of guaranteed benefits	1 2 3
Equity market environment	▪ Negative market performance and volatility can increase value/cost of guaranteed benefits	1 2 3
Policyholder behavior	▪ Deviation from expected policyholder behavior such as lapse rates, etc. may impact expected profitability	1 2
Longevity	▪ Longer life expectancies due to mortality improvements may impact benefit costs	1 2

1 Product design
2 Product management (new and inforce)
3 Hedging
4 ALM (asset / liability management)

1 Product design

FIA product economics

Illustrative FIA structure[1] (new business)



Product management

New business

1. Credited rates
2. Index caps

3. Income guarantees
4. Rider charges
5. Contract value guarantees
6. Commissions
7. Premium bonus

NBM/IRR

Inforce

1. Credited rates
2. Index caps

IRR

Target profitability

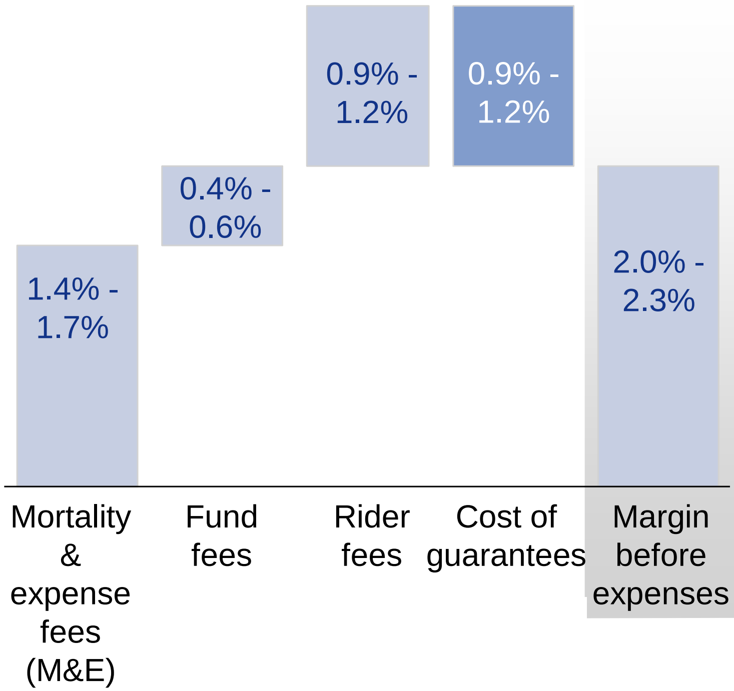
IRR	13-14%
NBM	~2.5%
Payback period	7-8 years

1) Based on reserves
2) Earned rate (book) on assets backing reserves
3) Reflects yield in excess of interest credited to the policyholder to cover expenses, non-interest policyholder benefits (bonus, rider guarantees), taxes, and a targeted level of profitability

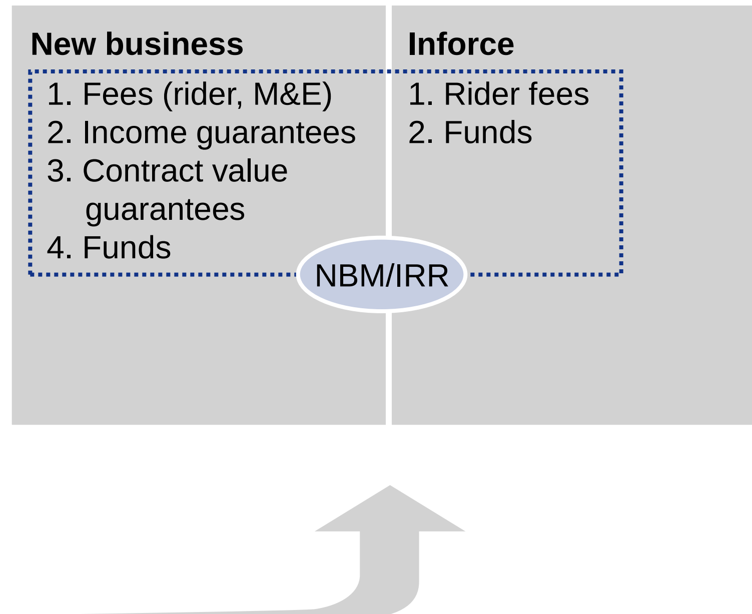
1
Product design

VA product economics

Illustrative VA structure[1] (new business)



Product management



Target profitability

IRR	13-14%
NBM	~2.5%
Payback period	5-6 years

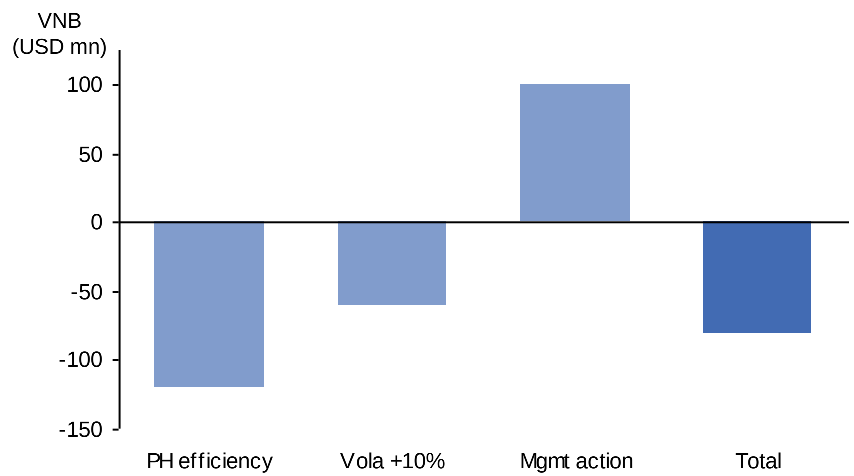
1) Based on account value

1 Product design

Addressing tail risk

- Product design considers both IRR and MCEV as well as worst case scenarios for policyholder behavior and market risks
- Products designed to achieve targets as well as stay within defined limits for these tail scenarios
- Tail risk analysis thus is an integral part when defining key product attributes
  - Features
  - Guarantees
  - Levers

VA tail risk (annualized VNB[1])



		Scenario	
1 Non-market risks		Policyholder efficiency	▪ Most efficient policyholder behavior for persistency and fund allocation
2 Market risk		Market volatility	▪ 10%-p higher volatility level going forward
3 Management actions		Exercise product levers	▪ Move to max fee level by year 4 ▪ Reduce equity fund exposure by 10%

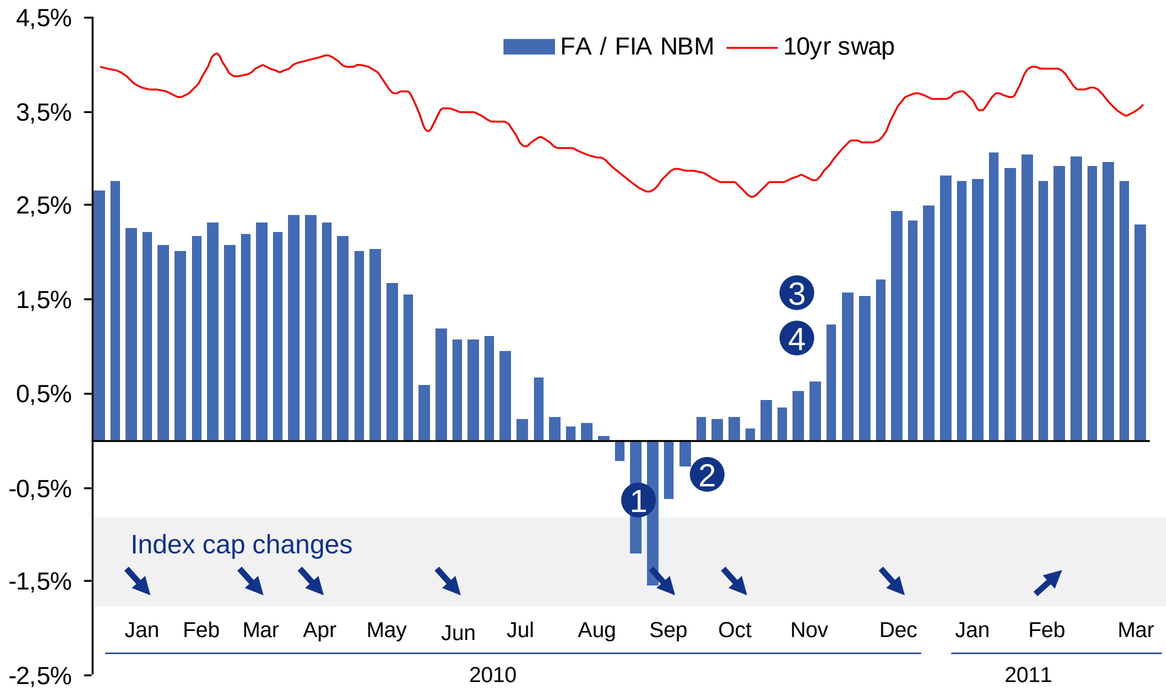
Tail risk managed through product design and product levers

1) Impacts based upon 2010 VA sales level of USD 3.2bn

2
Product management

FIA product management example

Weekly NBM[1] – FA / FIA



- Strong actions taken during 2010
- Ability for management of profitability on products through a very low interest rate environment
- 2010 NBM: 2.1%
- 2010 VNB: USD 152mn

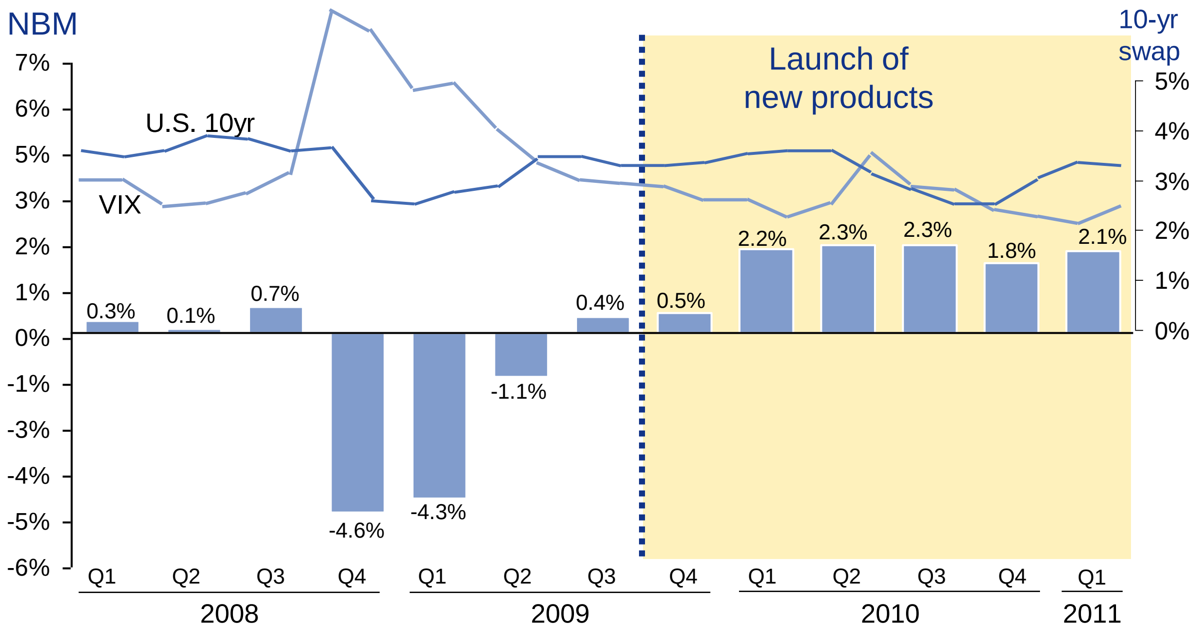
Profitable margin preserved through 2010

		Previous level	New level
1	September 2010: reduced MasterDex X bonus	10%	8%
2	October 2010: rider fee charged to GMV[2]	Not charged	Charged
3	December 2010: reduced MasterDex X bonus	8%	7%
4	December 2010: increased Simple Income rider fee	60bps	75bps

1) Excludes illiquidity premium from calculation of new business margin
2) Guaranteed minimum value

2
Product management

VA product management example



Actions taken

- Living benefit riders suspended 1Q 2009
- Launch of new riders in 3Q 2009
  - Higher fees
  - Lower benefits
  - Reduced fund volatility
- Focus on sustainability under volatile market conditions
- Enhanced ability to make timely product changes
- 2010 NBM[1]: 2.2%
- 2010 VNB[1]: USD 68mn

Significant de-risking of product

	VA management levers	
	Old products	New products
Rider fees	✗	✓
Funds	✓	✓
Bonus rates	✗	✓
Rollup rates	✗	✓
Pay-out rates / age bands	✗	✓

Rider fees, Funds: New business and legacy book

Bonus rates, Rollup rates, Pay-out rates / age bands: New business only

Significant de-risking

1) Before expense overrun

Allianz

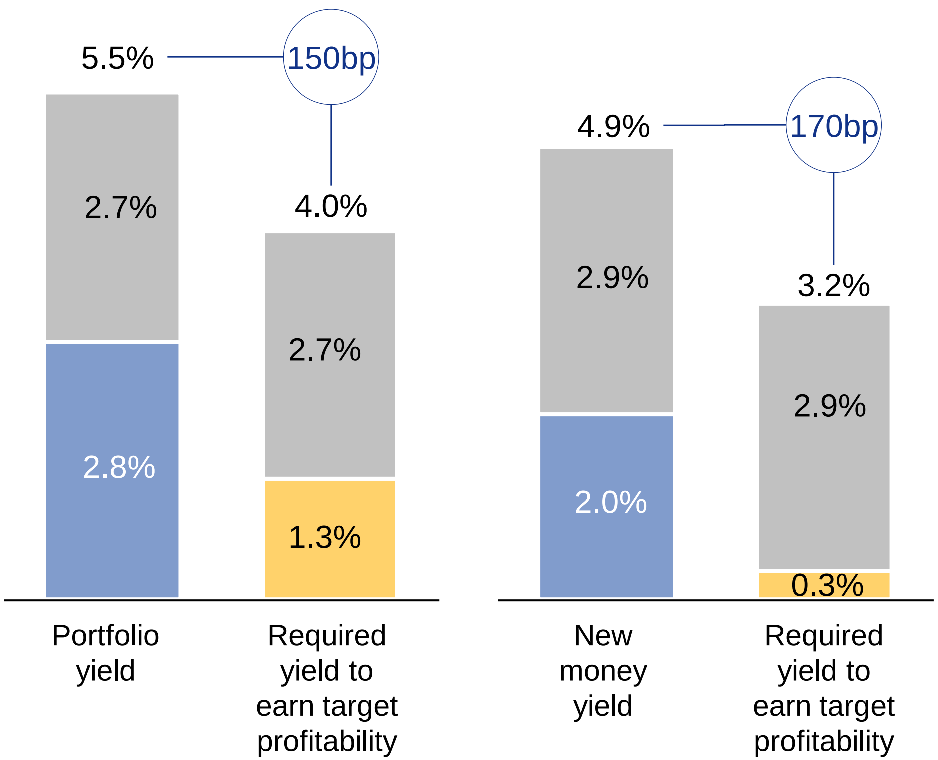
2
Product management

Sufficient levers to protect targeted returns

FIA

Business in force

New business



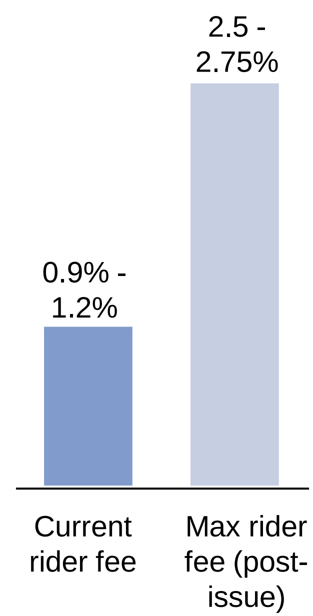
VA

New and legacy

Fund lineup

- Separate accounts at 40-50% equity fund allocation
- Have changed fund lineup to reduce volatility
- Ability to reduce equity exposure within certain funds

New business



Product spread
Average minimum guarantee
Interest credit / option to policyholder

3 Hedging

Hedging overview

	FIA	VA		
Primary products	MasterDex, Endurance	Vision	Alterity, Rewards, Valuemark	High 5
Benefit type	Annual indexing credits	GMWB, GMAB	GMIB, GMWB	GMAB
Account value at 31.03.11 (USD bn)	39.0	9.5	9.7	7.3
Hedged risks	Delta, gamma, vega	Delta, gamma[1], rho[2]	Delta, gamma[1]	Delta
Unhedged risks	Rho (immaterial)	Vega	Vega, rho	Gamma, vega, rho
Hedge instruments	Futures, vanilla options	Futures, total return swaps, interest rate swaps, options	Futures, total return swaps, options	Futures, total return swaps

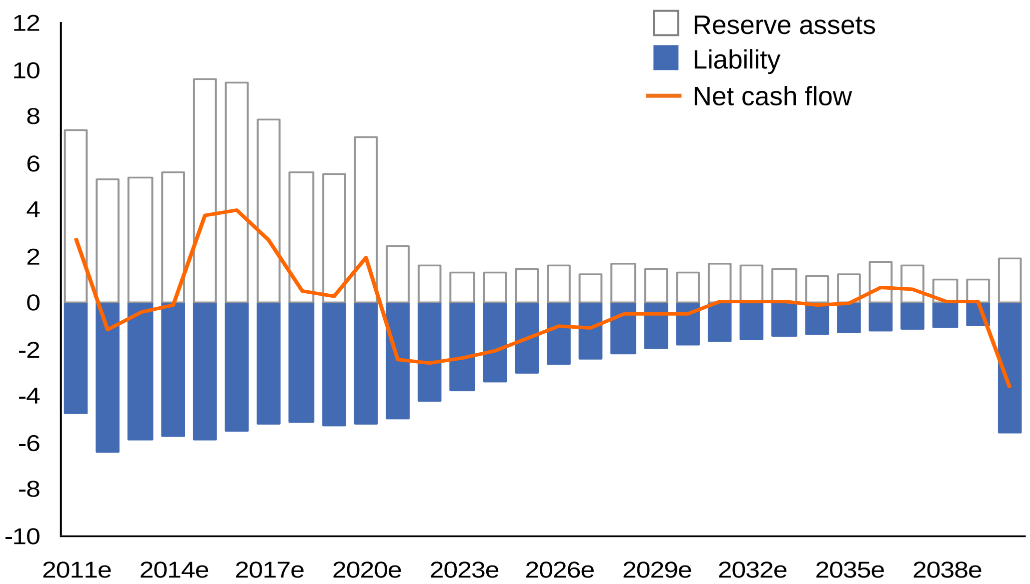
Hedging governed by stringent monitoring and risk limits

1) Introduction of VA gamma hedging in 2Q 2011
2) Rho hedge applies to Vision business issued after 8/2009

4
ALM

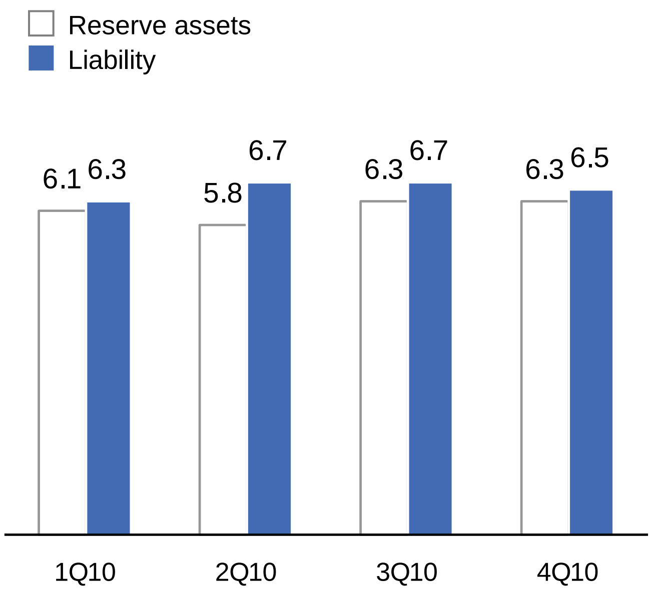
ALM matching enables maintenance of spreads and liquidity

Allianz Life cash flow (USD bn)



Liability values are represented as the average of 200 stochastic MCEV (ALIM) scenario sets each for base case, and up/down 100bp shocks

Effective duration trend (in years)



- Quarterly monitoring of asset and liability durations
- Changes to strategic asset allocation recommended where necessary

Regular monitoring of key risks

	Daily	Weekly	Monthly	Quarterly
FIA hedge effectiveness	✓		✓	✓
VA hedge effectiveness		✓	✓	✓
Hedge exposure limits	✓			
Product financial sensitivities			✓	
Policyholder behavior			✓	
VA basis risk	✓		✓	
Investment performance		✓	✓	✓
Counterparty collateral	✓			
Liquidity	✓			
New business IRR by product		✓		
New business NBM by product		✓		

Summary

- Products provide customer value through both accumulation and income
- Strong risk management framework
- Levers are available to manage new business and inforce profitability
- Allianz Life has a proven track record of managing product profitability and risk

Additional disclosures

The Barclays Capital U.S. Aggregate Bond Index is comprised of U.S. investment-grade, fixed-rate bond market securities, including government agency, corporate, and mortgage-backed securities. Barclays Capital and Barclays Capital U.S. Aggregate Bond Index are trademarks of Barclays Capital Inc. ("Barclays Capital"). Allianz products are not sponsored, endorsed, sold, or promoted by Barclays Capital. Barclays Capital makes no representation or warranty, express or implied, to the owners of Allianz products or any member of the public regarding the advisability of investing in securities generally or in Allianz products particularly or the ability of the Barclays Capital indices, including without limitation, the Barclays Capital U.S. Aggregate Bond Index, to track general bond market performance. Barclays Capital's only relationship to Allianz Life Insurance Company of North America and its affiliates ("Allianz") is the licensing of the Barclays Capital U.S. Aggregate Bond Index which is determined, composed, and calculated by Barclays Capital without regard to Allianz or Allianz products. Barclays Capital has no obligation to take the needs of Allianz or the owners of Allianz products into consideration in determining, composing, or calculating the Barclays Capital U.S. Aggregate Bond Index. Barclays Capital is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of Allianz products to be issued or in the determination or calculation of the equation by which Allianz products are to be converted into cash. Barclays Capital has no obligation or liability in connection with the administration, marketing, or trading of Allianz products. Barclays Capital does not guarantee the quality, accuracy, and/or the completeness of the Barclays Capital indices, or any data included therein, or otherwise obtained by Allianz, owners of Allianz products, or any other person or entity from the use of the Barclays Capital indices, including without limitation, the Barclays Capital U.S. Aggregate Bond Index, in connection with the rights licensed hereunder or for any other use. Barclays Capital makes no express or implied warranties, and hereby expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Barclays Capital indices, including without limitation, the Barclays Capital U.S. Aggregate Bond Index, or any data included therein. Without limiting any of the foregoing, in no event shall Barclays Capital have any liability for any special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

The Dow Jones Industrial AverageSM is a popular indicator of the stock market based on the average closing prices of 30 active U.S. stocks representative of the overall economy. "Dow Jones" and "Dow Jones Industrial Average" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by Allianz Life Insurance Company of North America. Allianz MasterDex X Annuity, based on the Dow Jones Industrial Average, is not sponsored, endorsed, sold, or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such product(s).

EURO STOXX 50® Index, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, and Spain. The EURO STOXX 50 is the intellectual property (including registered trademarks) of STOXX Limited, Zurich, Switzerland. Allianz products based on the Index are in no way sponsored, endorsed, sold, or promoted by STOXX and shall not have any liability with respect thereto.

The Nasdaq-100 Index® includes 100 of the largest domestic and international non-financial securities listed on The Nasdaq Stock Market, based on capitalization. The Nasdaq-100®, Nasdaq-100 Index, Nasdaq®, and OMX® are registered trademarks of NASDAQ OMX Group, Inc. (which with its affiliates are the Corporations) and are licensed for use by Allianz Life Insurance Company of North America. The product(s) have not been passed on by the Corporations as to their legality or suitability. The product(s) are not issued, endorsed, sold, or promoted by the Corporations. THE CORPORATIONS MAKE NO WARRANTIES AND BEAR NO LIABILITY WITH RESPECT TO THE PRODUCT(S).

Russell 2000® Index is an equity index representing 2,000 of the smallest companies within the larger Russell 3000® Index. It is often looked at as one benchmark for small stock investors. Russell 2000 is a registered service mark of Frank Russell Company.

Products issued by Allianz Life Insurance Company of North America. Variable products are distributed by its affiliate, Allianz Life Financial Services, LLC, Member FINRA, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. 800.542.5427 www.allianzlife.com

Financial performance

Giulio Terzariol

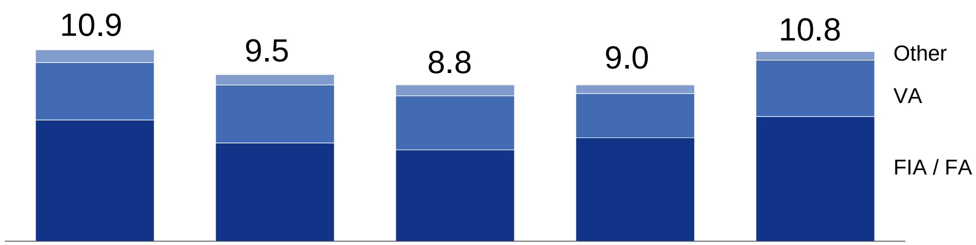
CFO
Allianz Life

New York, July 21, 2011

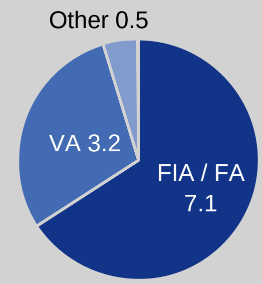
Capital Markets Day

Financial highlights (1/2)

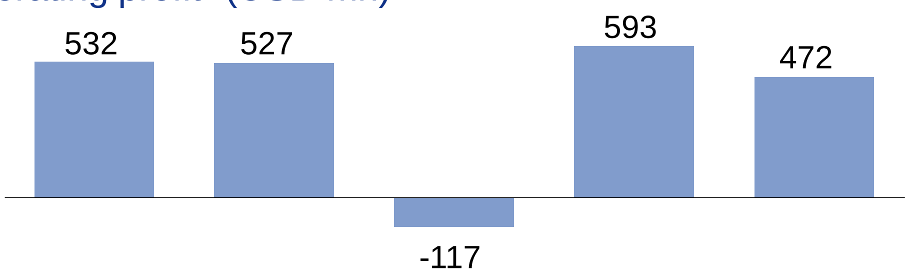
Statutory premiums (USD bn)

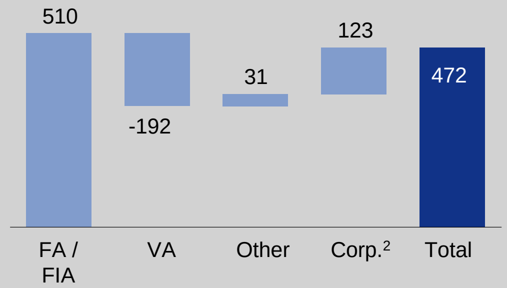


2010

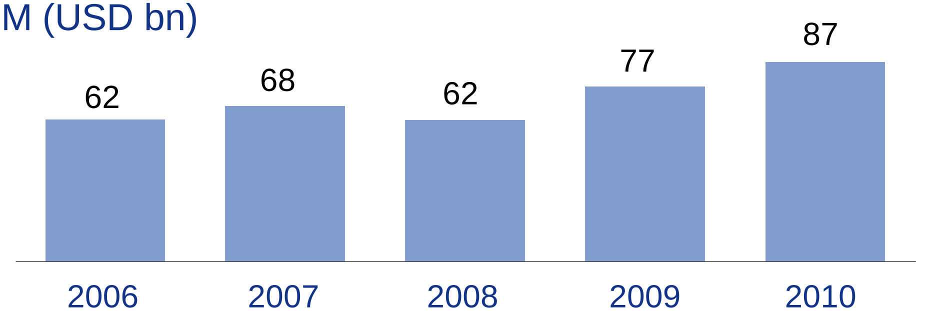


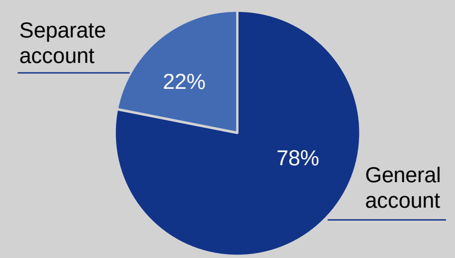
Operating profit[1] (USD mn)





AuM (USD bn)

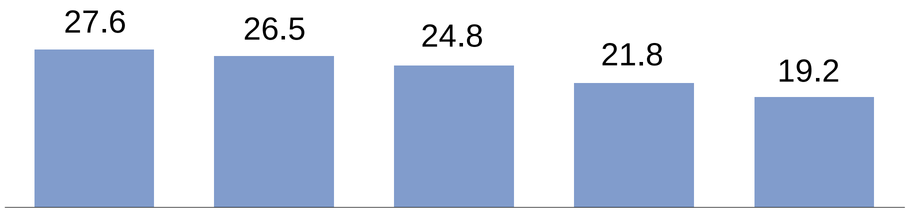




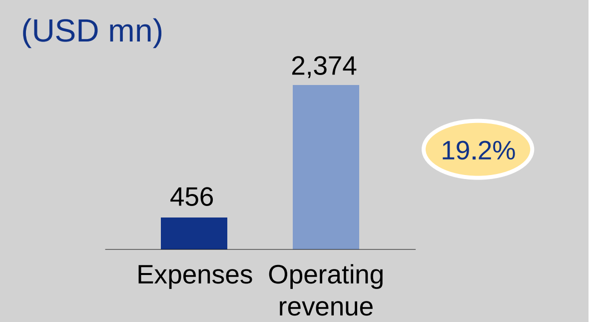
1) Operating profit retrospectively adjusted in 2008/09 for accounting policy change
2) Corporate line consists primarily of investment income earned on surplus assets

Financial highlights (2/2)

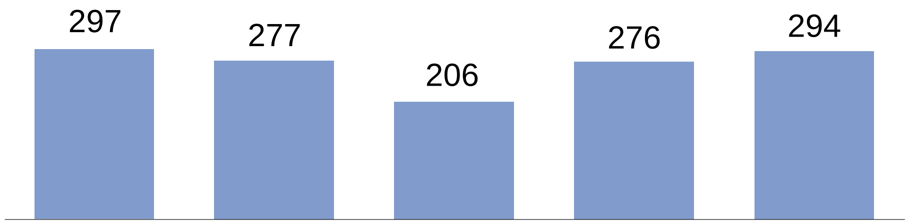
Expense ratio[1] (%)

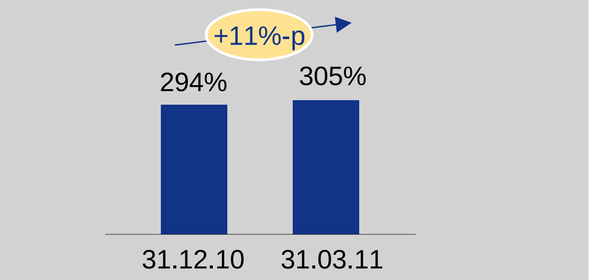


2010

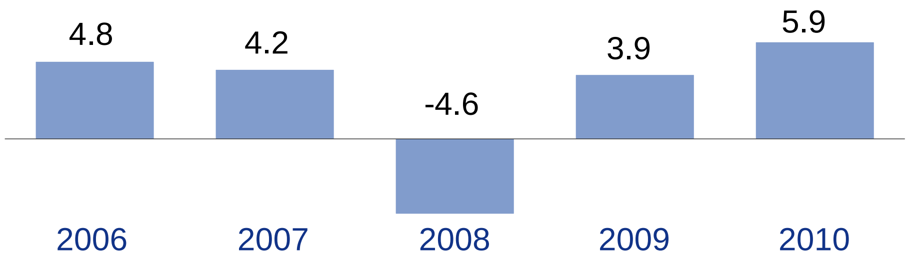


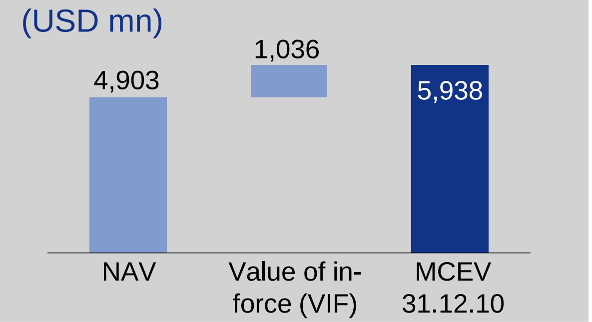
Statutory RBC ratio (%)





MCEV (USD bn)

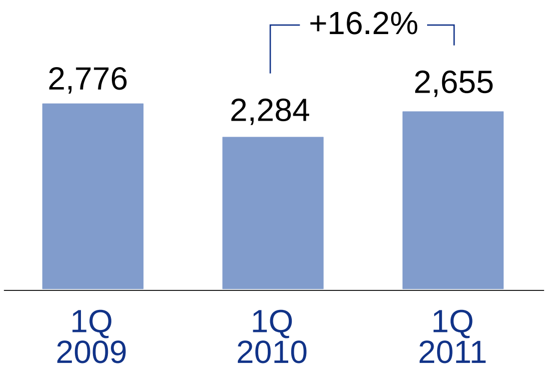




1) Expense ratio equal to internal expenses divided by operating revenues (defined as investment income net of interest credited plus fee revenues)

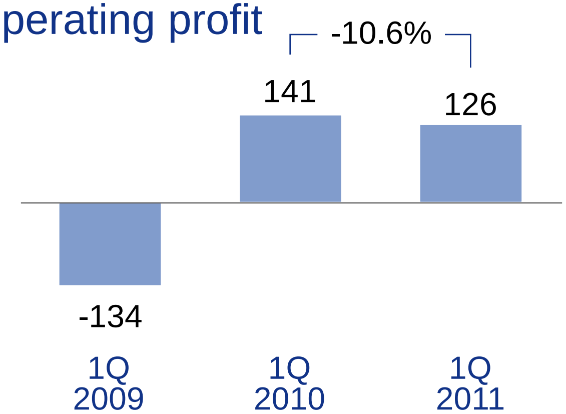
1Q 2011 highlights
(USD mn)

Statutory premiums



Statutory premiums (USD mn)	1Q 2009	1Q 2010	1Q 2011	Δ1Q11 / 1Q10
FIA	1,120	1,421	1,507	+6.1%
VA	1,222	698	958	+37.2%
FA	313	44	65	+47.7%
Other	121	121	125	+3.3%
Total	2,776	2,284	2,655	+16.2%

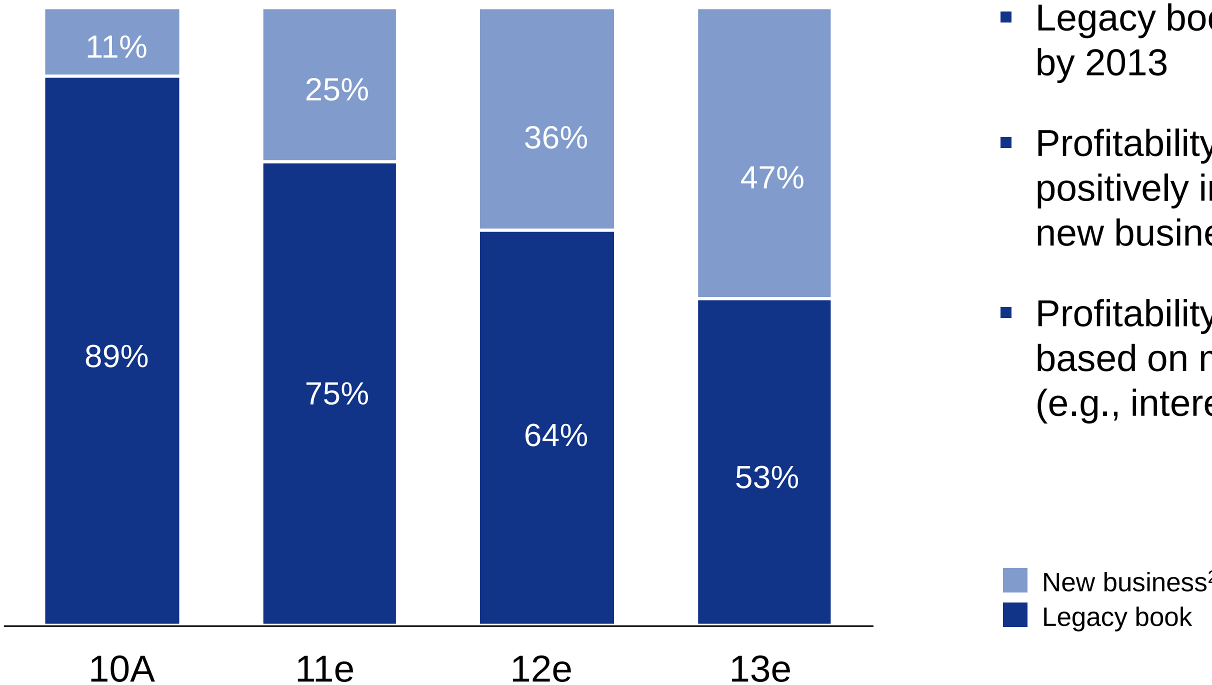
Operating profit



- Strong premium development following re-launch of VA riders in 3Q 2009
- Solid operating profit result in 1Q 2011; 1Q 2010 positively impacted by one-off effects
- NBM of 3.0% in 1Q 2011

Development of variable annuity block

VA account value: new business versus legacy book[1] (% of AV)



Total AV USD	26bn	28bn	30bn	32bn

- Legacy book to drop to ~50% by 2013
- Profitability expected to be positively impacted by build-up of new business
- Profitability potentially accelerated based on market conditions (e.g., interest rates)

1) Based on current business plan
2) VA business issued starting 3Q 2009

Variable annuity overview
(31.12.2010, USD mn)

VA guarantees[1] (GMxB)

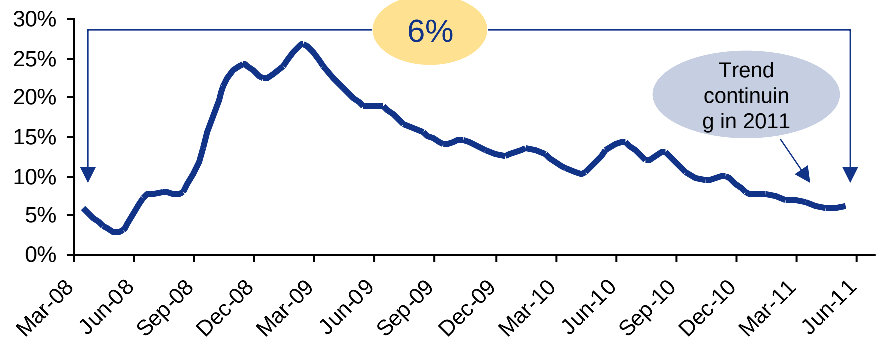
	Account value	%
GMDB	1,414	6%
GMIB	7,437	30%
GMAB	9,013	37%
GMWB	6,623	27%
Total	24,487[1]	100%

	IFRS reserves	%
GMDB	55	8%
GMIB	132	19%
GMAB	434	62%
GMWB	80	11%
Total	701	100%

VA net amount at risk[2]

	1Q 08	4Q 08	4Q 09	4Q 10
GMDB	1,030	4,554	2,364	1,497
GMIB	1,214	4,341	2,631	1,800
GMAB	498	1,498	1,059	785
GMWB	654	2,888	1,708	1,220
Max net amount at risk[3]	1,363	5,213	3,132	2,191

VA GMxB in-the-money (% of AV)



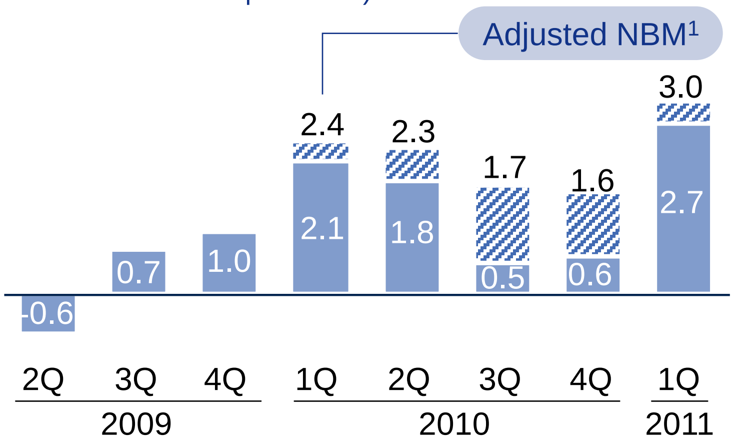
Significant recovery since end of 2008

1) Reflects account value for VA where a rider has been purchased / selected; excludes account value with no rider
2) The net amount at risk is the undiscounted difference between the current benefit base and the account value. Accessing the benefit base may require taking lifetime payments or payments over a period of time, lowering actual exposure
3) Represents the sum of the most valuable benefit for each product; products generally offer more than one benefit while only one benefit can be elected

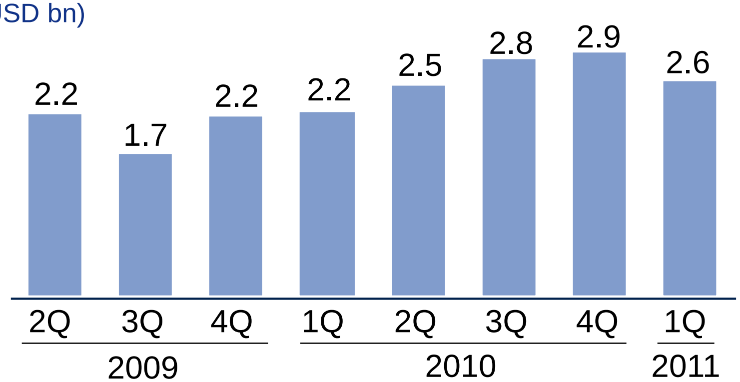
Allianz

Product actions have had significant impact on margin improvement

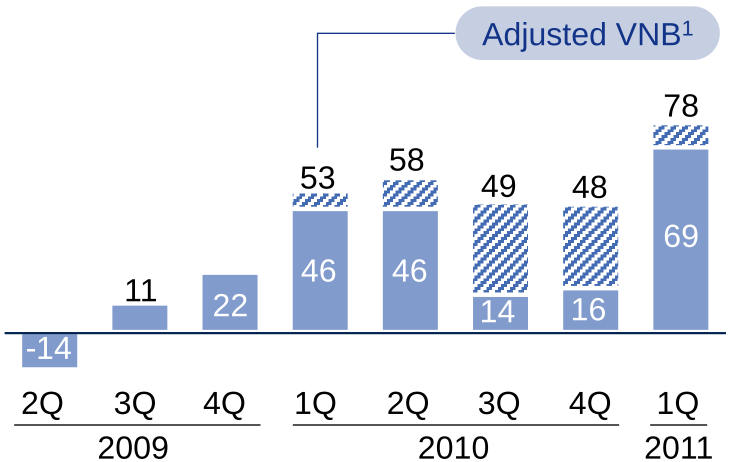
New business margin
(VNB in % of PV of NB premiums)



PV of NB premiums
(USD bn)



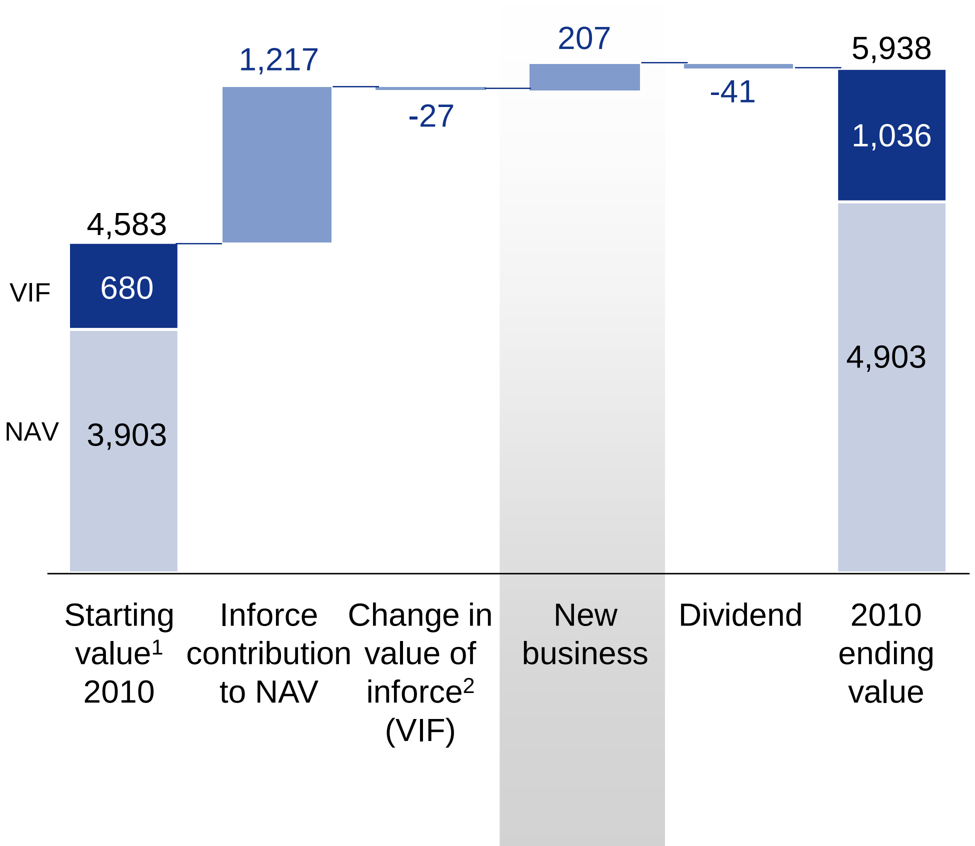
Value of new business
(USD mn)



1) Adjusted for illiquidity premium, EIOPA yield curve extrapolation and change of cost of capital charge

Allianz

MCEV development



	12M 2010		1Q 2011	
	NBM	NBV	NBM	NBV
FA/FIA	2.1%	152	3.4%	54
VA	1.6%	52	2.5%	24
Life	1.2%	3	1.1%	1
Total	2.0%	207	3.0%	78

MCEV driven by strong contribution from inforce and new business

1) Starting value reflects annual adjustments, including adjustment for illiquidity premium, EIOPA yield curve extrapolation and change of cost of capital charge
2) Includes impact of movement from VNB point of sale to 31.12.2010 market conditions

Embedded value and VNB sensitivities[1]

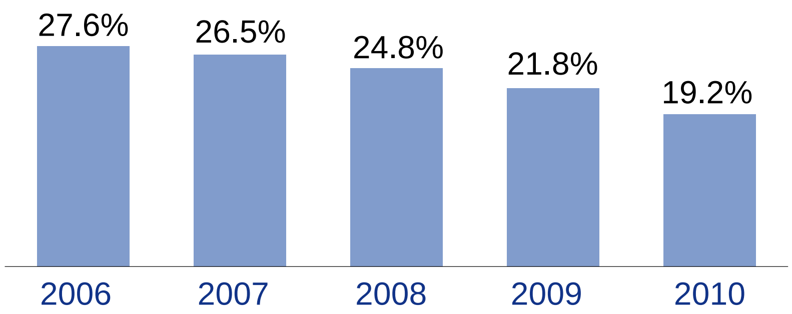
(USD mn)

		Economic factors					Non-economic factors			
	Base case	Drop in equity value by 10%	Risk free		Volatility		-10% expense	-5% mortality		-10% lapse
			-100bp	+100bp	+25% swaption	+25% equity		Death risk	Longevity risk	
Embedded value (MCEV)	5,938	-53	-76	-109	-233	-435	108	20	-41	-34
Value of new business (VNB)	207	-21	-27	3	-6	-28	11	3	-1	12

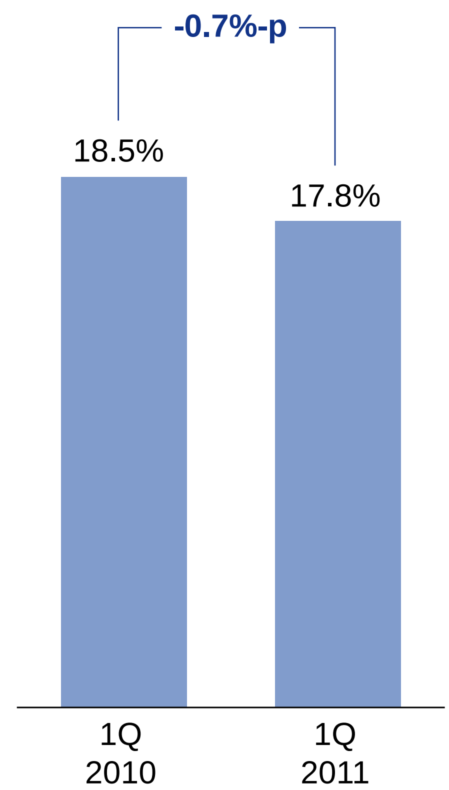
1) Adjusted for illiquidity premium, EIOPA yield curve extrapolation and change of cost of capital charge

Tight expense management

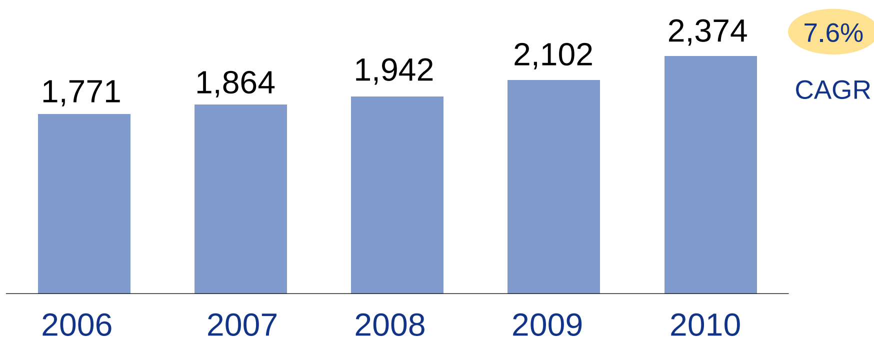
Expense ratio[1]



Insurance expenses (USD mn)	2006	2007	2008	2009	2010	CAGR
	489	494	481	458	456	-1.7%



Operating revenues (USD mn)

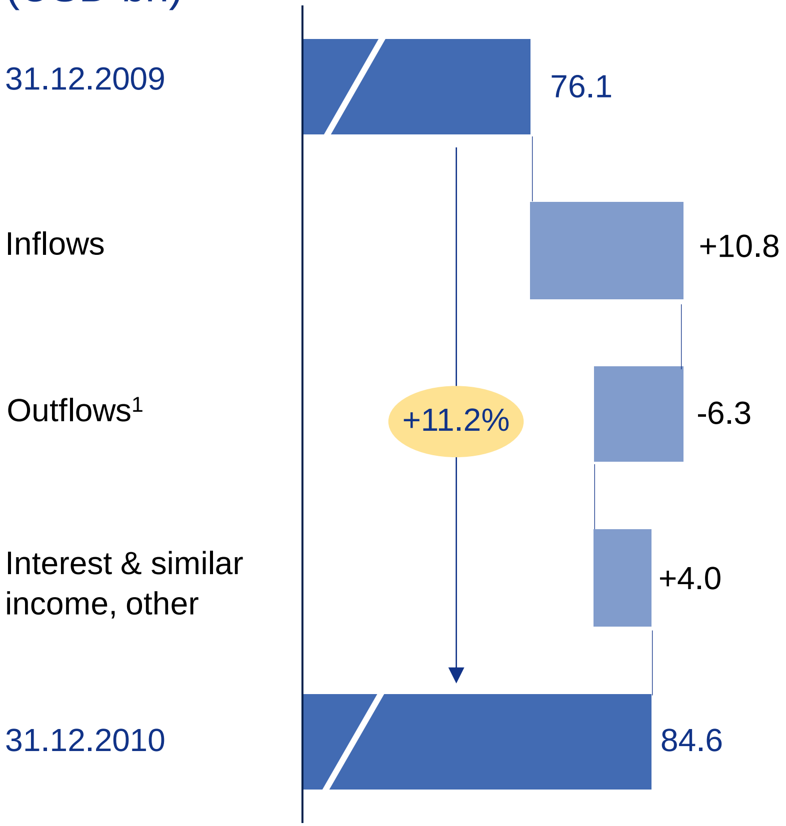


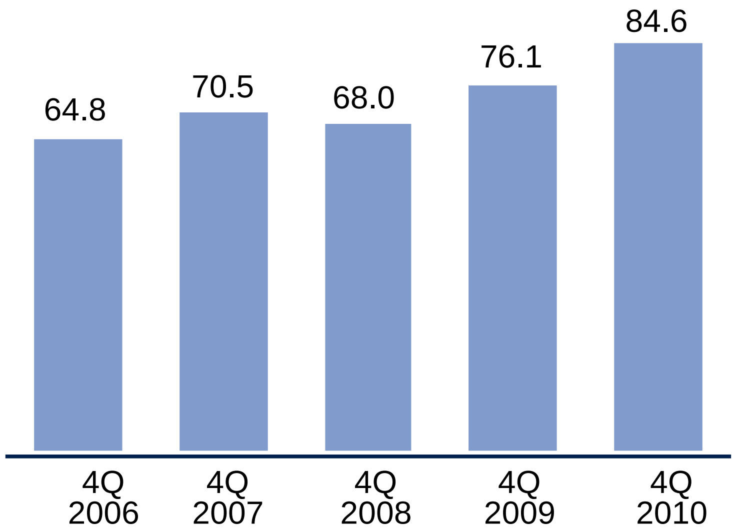
Efficiency improvement expected to continue

1) Expense ratio equal to internal expenses divided by operating revenues (defined as investment income net of interest credited plus fee revenues, etc.)

Asset growth through strong flows and returns

Assets backing reserves (USD bn)





Positive net policyholder flows throughout the financial crisis

1) Includes surrenders, death claims, and annuitizations; excludes expenses/commissions

Generating free surplus to fund growth and dividends

2009-2010 statutory free surplus[1] (USD bn)

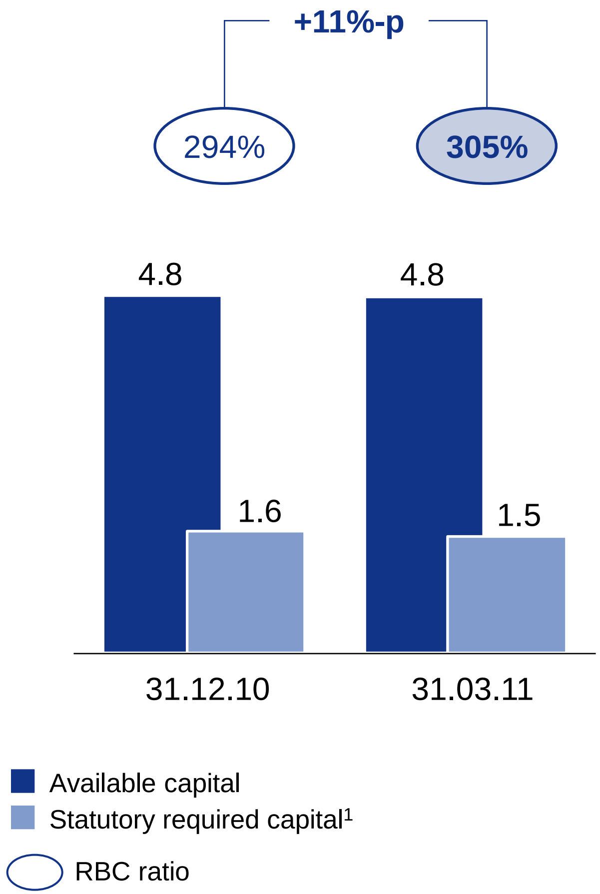
	YE 2008 free surplus	-0.3
2009	In-force	+0.7
2009	New business	-0.4
	YE 2009 free surplus	0.0
2010	In-force	+1.0
2010	New business	-0.5
	YE 2010 free surplus	+0.5

- 2009-2010 returns above average due to market performance but impact offset by higher requirements
- A normalized statutory free surplus generation of 2-4%[2] of available capital translates to approximately USD 100-200mn annually
- Approximately USD 90mn of dividends in the past nine months
- Planning to continue to pay dividends in 2011 and future years

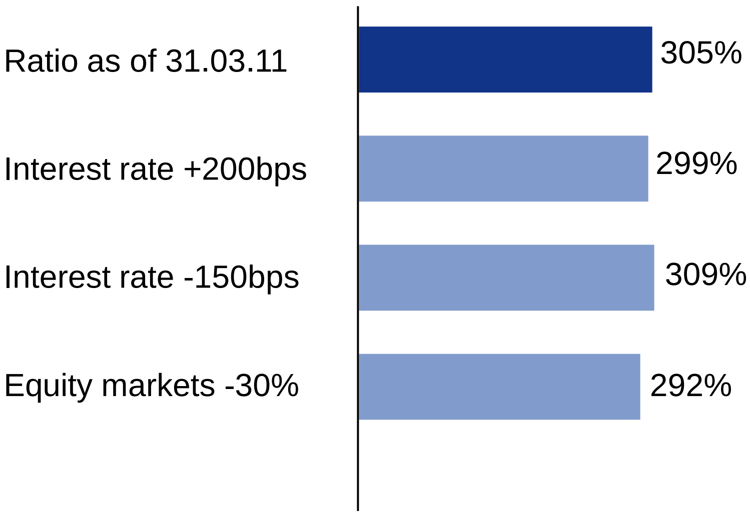
1) Based on statutory available capital less required rating agency capital
2) Assumes consistent annual new business levels and related strain

Capital sensitivities well managed

Statutory risk-based capital (RBC) ratio (USD bn)



Estimated sensitivity



Ratings:

		Rating notch
S&P	AA	3rd
AM Best	A	3rd
Moody's	A2	6th

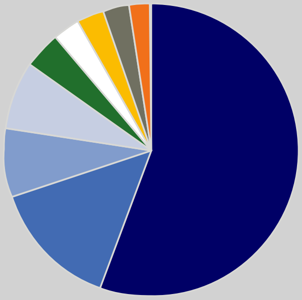
1) Company action level

Investment portfolio
(31.03.2011)

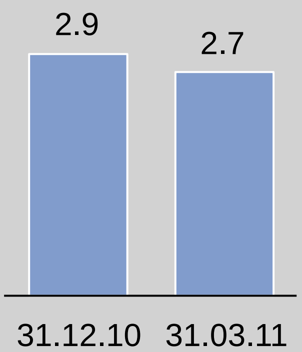
Investment mix[1]

Total USD 67.2bn

Corporate	57%
CMBS	14%
Comm'l Mtg	8%
MBS/CMO	7%
Municipal	4%
ABS/CDO	4%
Treasuries	3%
Cash/short term	2%
Other	1%

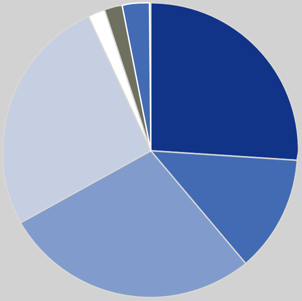


Unrealized gains (USD bn)



Quality[2]

AAA	26%
AA	13%
A	28%
BBB	26%
BB	2%
Below BB	2%
Not rated	3%



Comments

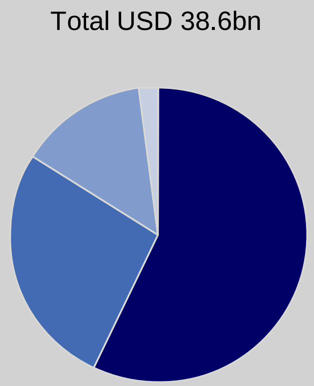
- Portfolio focused on credit assets driven by product design
- General account portfolio managed by PIMCO
- Market value of all asset classes greater than book value

1) Reflects IFRS market values of general account assets; other includes real estate owned, partnerships and Pfandbriefe. Cash / short term excludes USD 600mn securities lending collateral and USD 123mn net investment payable
2) Fixed income portfolio

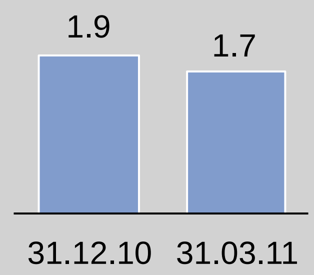
Corporate bonds
(31.03.2011)

Investment mix

Industrial	57%
Financial	27%
Utility	14%
Other	2%

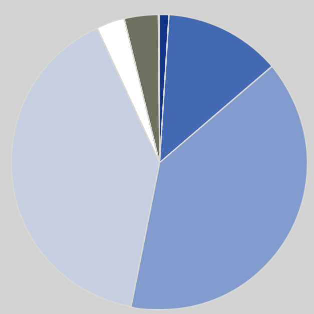


Unrealized gains (USD bn)



Quality

AAA	1%
AA	13%
A	39%
BBB	40%
Below BBB	3%
Not rated	4%



Comments

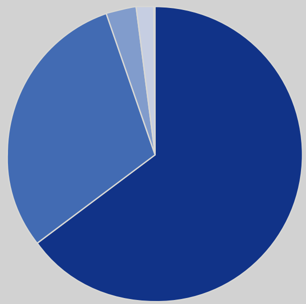
- Average rating: A-
- Corporate portfolio experienced no defaults in 2010, minimal 2009
- Overall portfolio quality consistent with its market benchmarks
- Approximately 5% of holdings are private placements

CMBS
(31.03.2011)

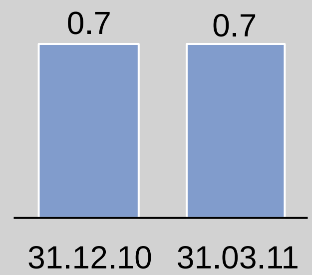
Credit support[1]

Total USD 9.6bn

30%+	65%
25-30%	30%
20-25%	3%
<20%	2%

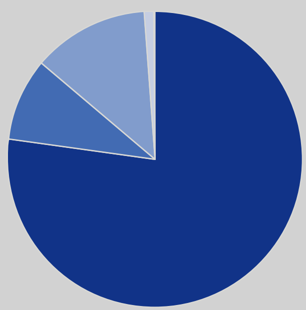


Unrealized gains (USD bn)



Quality

AAA	78%
AA	9%
A	13%
BBB	<1%



Comments

- CMBS portfolio > 30% credit support
- Debt service coverage ratio[2] > 1.5
- MV/BV performance > 25% since 2008

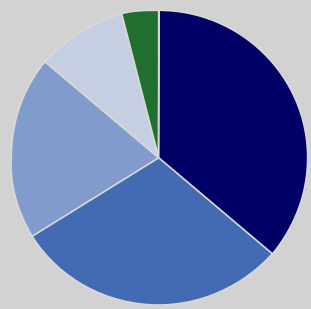
1) Percentage of subordinate class balances versus total deal balance; equates to percentage of bondholders that would experience 100% loss before AZ Life experiences any credit loss
2) Cash flow available to meet interest and principal requirements

Commercial mortgages
(31.03.2011)

Investment mix

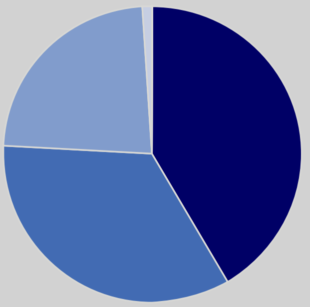
Total USD 5.3bn

Warehouse	36%
Multi-family	30%
Office	20%
Retail	10%
Medical office	4%



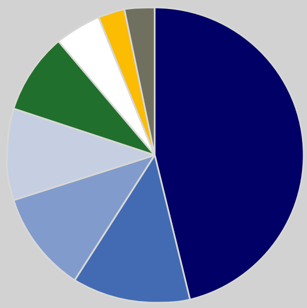
Loan-to-value (LTV)

<60%	53%
60-70%	32%
70-80	15%
Other	<1%



Region

Pacific	46%
WS Central	13%
S Atlantic	11%
Mountain	10%
EN Central	9%
WN Central	5%
New England	3%
Mid Atlantic	3%



Comments

- Average LTV < 60%, all first lien
- After slow production periods in 2009 - 2010, increasing asset allocation in rationalized market in 2011
- History of strong underwriting led to minimal losses during crisis, only three foreclosures
- No exposure to worst performing assets: construction, hotels, land development, mezzanine

Outlook: profitable growth

3yr aspiration (USD)

AuM	Operating profit
Growth of 5-10% p.a.	Growth of ~10% p.a.

Success factors

- Capturing opportunity in the retirement market
- Product management levers available to achieve targets
- Caveat: market conditions can have a positive or negative impact on both asset and operating profit growth

Positioning our clients to benefit from the multi-speed world

Mohamed A. El-Erian
PIMCO CEO & Co-CIO

New York, July 21, 2011

Capital Markets Day

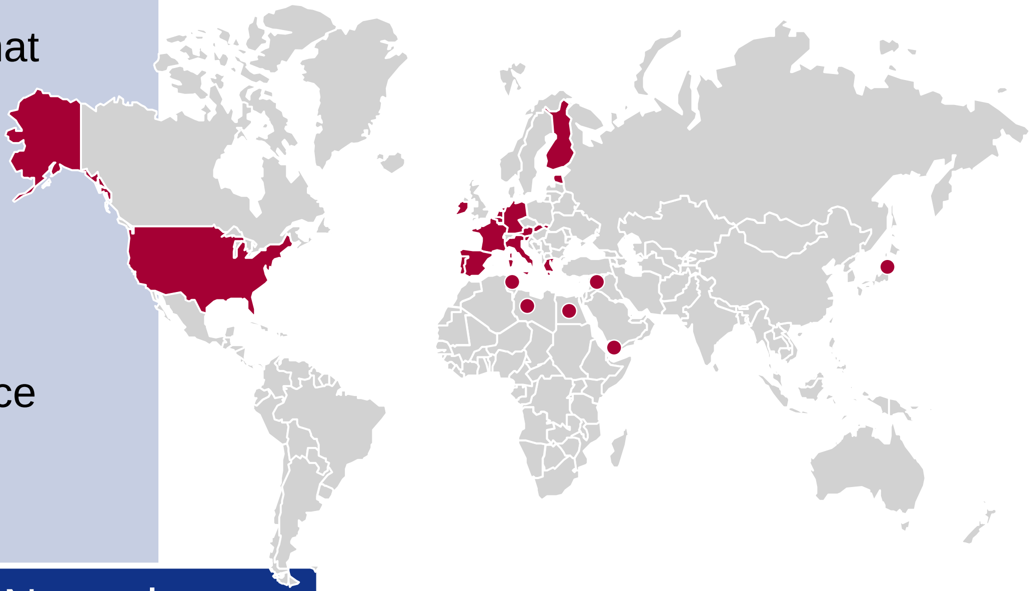
Allianz

Outline

- What is the outlook for the global economy and markets?
- What does it mean for our clients?
- What does it mean for the investment management industry?
- How is PIMCO responding?
- What lies ahead for PIMCO as an integral part of the Allianz Group?

The context: previously unthinkables have become thinkable

- S&P negative outlook for U.S. AAA rating, and …
- Persistently high unemployment that is increasingly structural in nature
- Eurozone peripheral debt crisis
- Junk credit ratings for Greece (worse than Pakistan), Ireland and Portugal
- Contamination of the ECB's balance sheet and of stronger economies
- etc, etc, etc …



The bumpy journey to a New Normal

In addition …

- Middle East uprisings
- Triple calamities in Japan

In sum, a changing global paradigm

Which influences …

… investment positioning

… client servicing

… product design

… thought leadership and intellectual / framework agility

… staffing and investing for the future

Allianz

Secular outlook themes: navigating balance sheets

Global economy is in the midst of major multi-year realignments at both the national and global levels

It is operating with remarkable multi-speed dynamics and facing unusual structural challenges

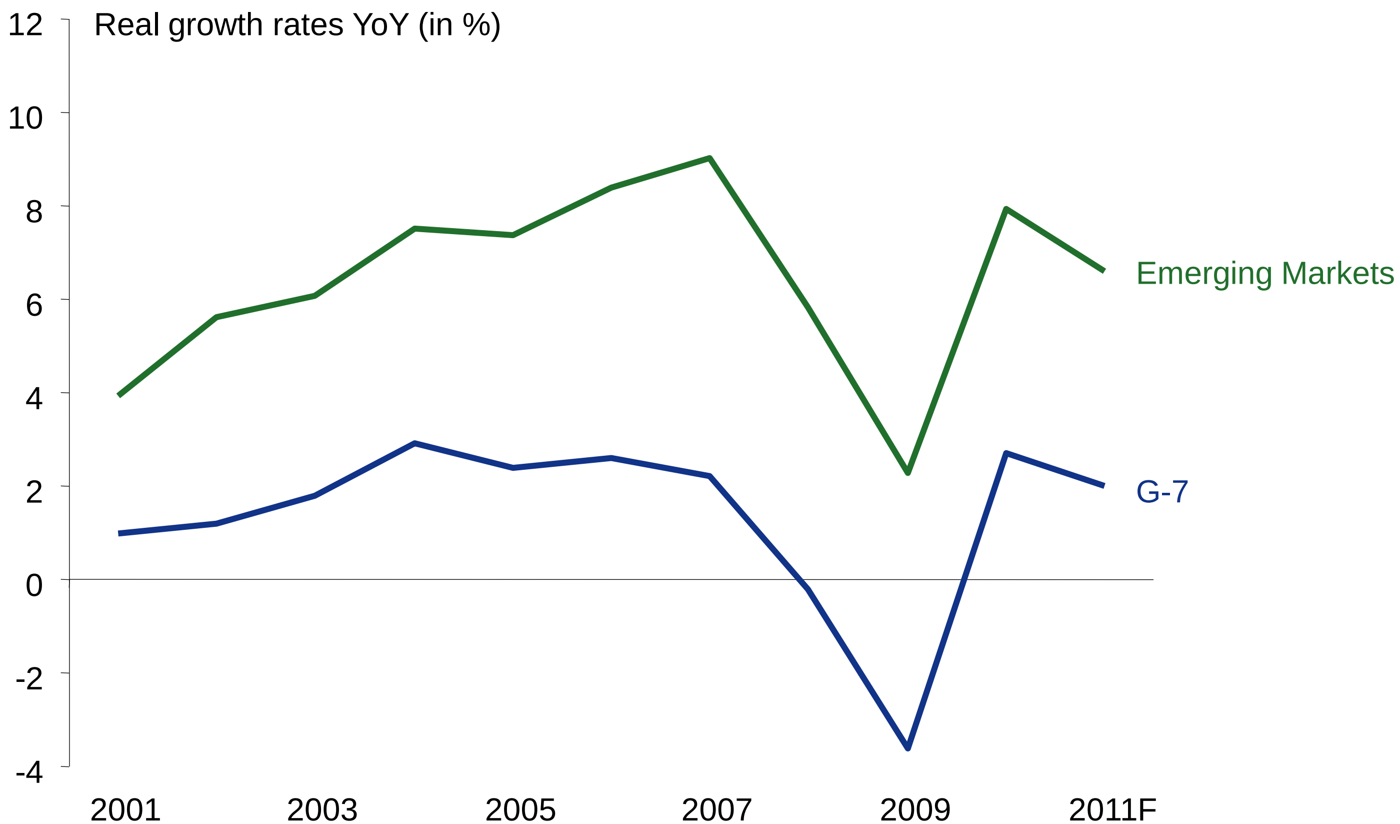
Coming off the "great age" of leverage, debt and credit entitlement, balance sheets continue to matter…a lot

Countries, sectors and companies will respond in different ways, with consequential implications for investors

To navigate all this well for clients, it is not just about **what** you think; it is also about **how** you think

Secular outlook themes: multi-speed growth dynamics

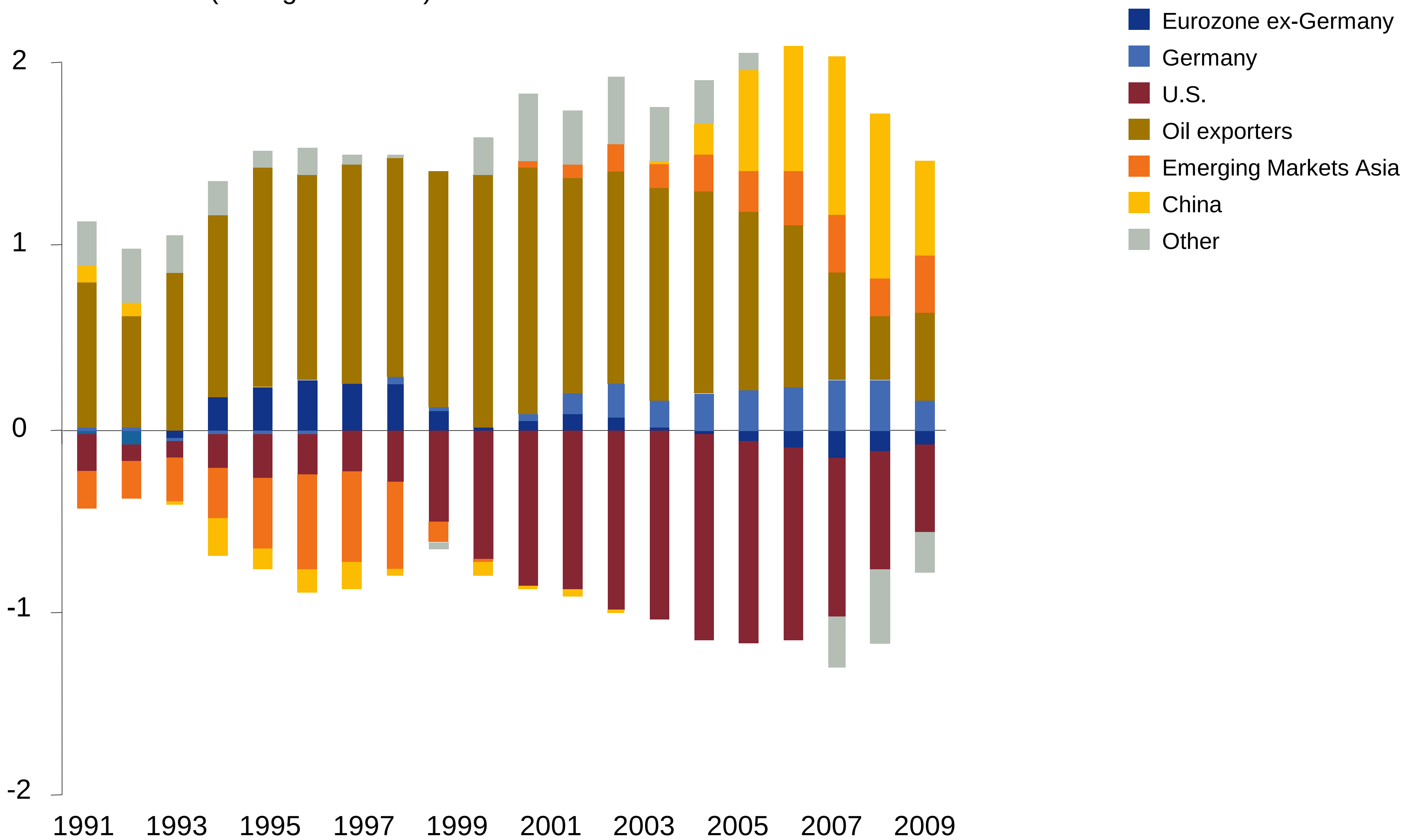
Emerging Markets versus G-7 real GDP growth, 2001 – 2011



Source: Haver Analytics, IMF

Secular outlook themes: the changed patterns of surpluses and deficits

Current Account (% of global GDP)



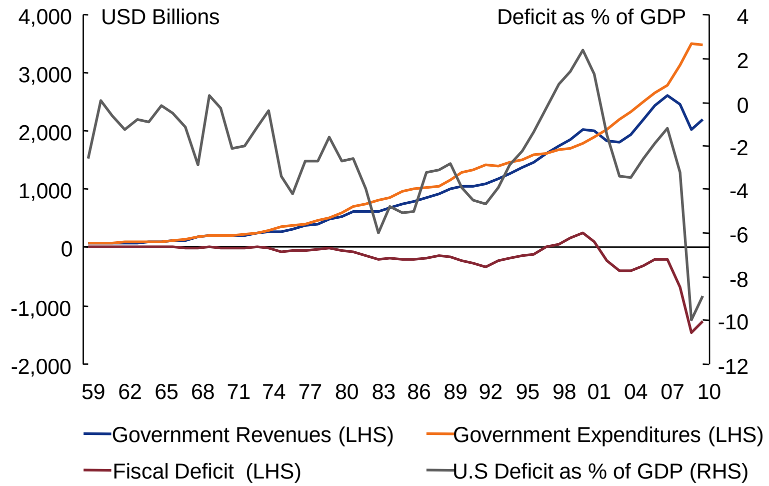
Source: Penn World Table

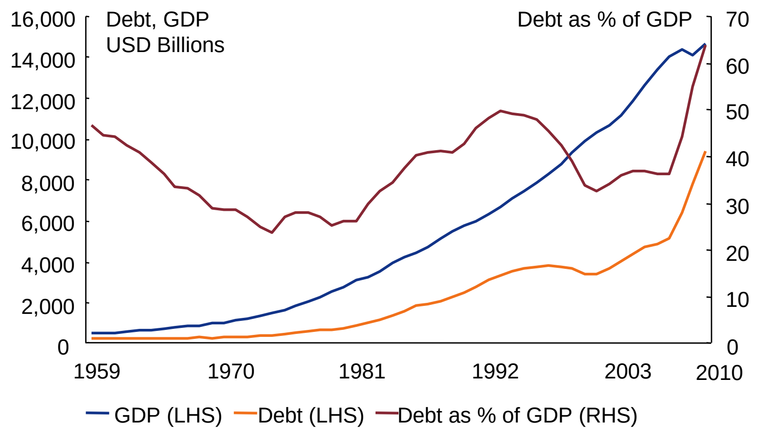
Allianz

Secular outlook themes: the U.S. economy coping with a challenging stock and flow disequilibrium

- With over USD 14 trillion of federal government debt owed to its creditors and USD 1 trillion plus annual fiscal deficits, the U.S. government's credit standing may come under pressure
- Massive use of the printing press, while a viable short-term response, involves significant costs and risks

Offsetting factors
The U.S. Dollar as the reserve currency and other global public goods
Access to deep, well-functioning, liquid financial and capital markets
The U.S.' rule of law and contract enforcement

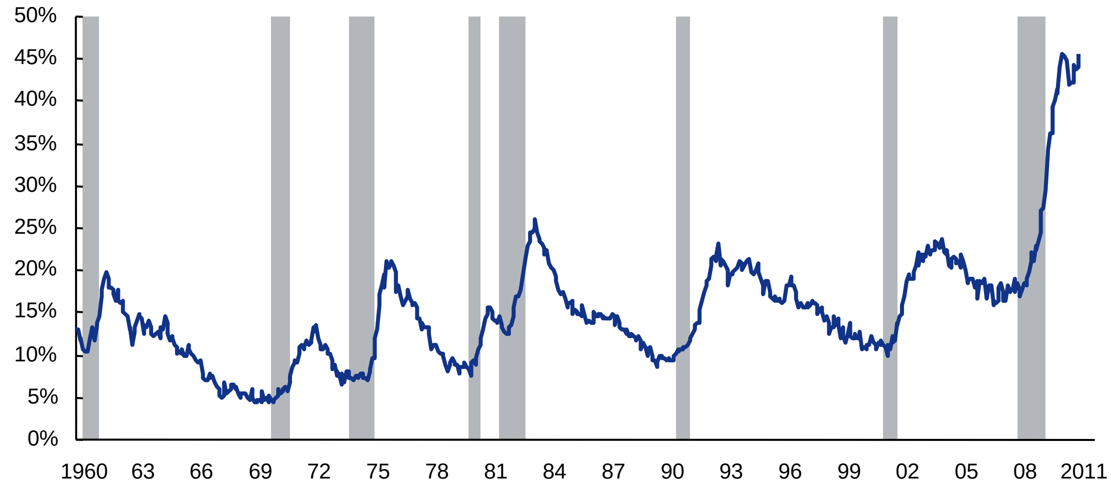




Source: World Bank, IMF

Secular outlook themes: the structural side of the U.S. unemployment issue

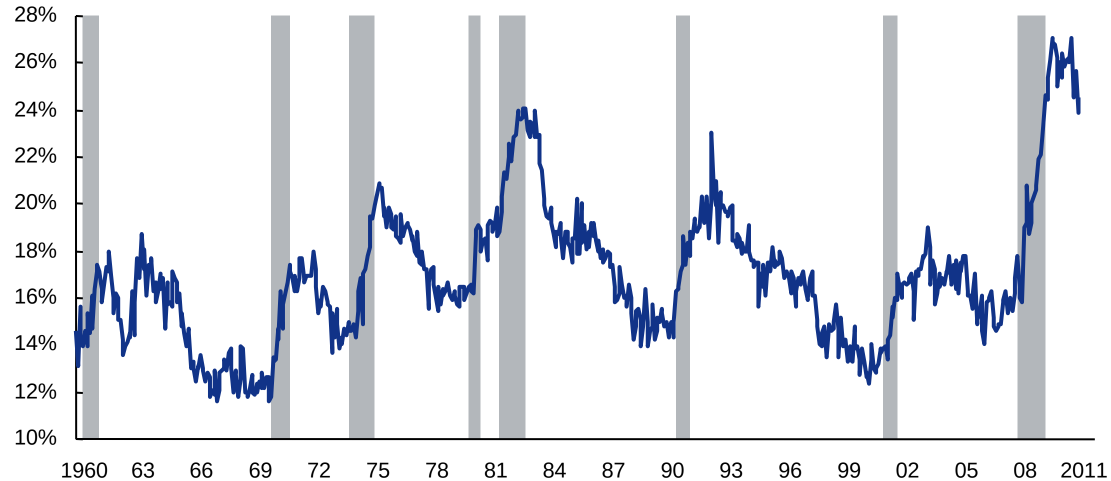
U.S. long-term unemployment



Recessions

% of unemployed longer than 27 weeks

U.S. teen unemployment



Recessions

U.S. teen unemployment rate

Source: Haver Analytics

Secular outlook themes: within the five choices, advanced economies are pursuing different approaches to balance sheet rehabilitation

With growth prospects muted …

Financial repression and inflation

Austerity

Peripheral Europe

Restructuring

… in the process, look for several historical “contracts” to be revised, some in an orderly process and some in a disorderly process

Secular outlook themes: emerging economies face a different (and better) set of challenges

- Managing success
- Avoiding overheating
- Dealing with massive capital inflows
- Managing wealth
- Managing a challenging “middle income transition,” including empowering the middle class and striking a better balance between producers and consumers
- Will the world accommodate EM growth and the related breakout dynamics?

Allianz

Structural issues require structural solutions… Yet, so far, policymakers have kicked the can(s) down the road

US

Four structural impairments

- Housing
- Credit intermediation
- Public finances
- Labor markets

QE2

Intention and consequences

Wedge between valuations and fundamentals – balancing "benefits, costs and risks"

Europe

A liquidity approach to a solvency problem

- Piling new debt on top of excessively high old debt
- Failure to deal with fundamental issues – debt stock and growth dynamics
- Situation now worse, in relative and absolute terms
- Contagion – ECB now part of problem instead of solution

Not a can, but a snowball

Allianz

Possible outcomes:
New Normal baseline, with fatter tails on both sides

Baseline: Multi-speed growth in the context of multi-year balance sheet reforms, tendencies for increased inequality within countries, and continued convergence in income and wealth dynamics between advanced and emerging economies

- Right tail scenario (i.e., baseline too pessimistic)

  Two of three grand bargains come true to unleash non-inflationary global growth
  - "Sputnik moment"
  - "Moment of truth"
  - "Unleashing" the Chinese consumer
- Left tail (i.e., baseline not pessimistic enough)

  Disorderly end of the balance sheet shell game

Importantly … a flatter distribution of outcomes, and with fatter tails

Implications: we must help position investors for both the bumpy journey and the evolving destination

- Global economy has cyclically recovered but remains structurally impaired
- Global growth is now slipping and balance sheet issues, which will be in play for years, are heating up
- Advanced economies are hobbling along
- Emerging economies are in development breakout phase, but must continue to manage well success, and the world must accommodate their success
- Several parameters becoming variables
- Getting all this right is crucial for seizing opportunities and minimizing risks

Allianz

Some implications of a changing global paradigm for delivering high value to clients

Six illustrative principles

- Framework / intellectual agility
- Evolving conventional wisdom, including the underpinnings of benchmark and guidelines
- Expectation management
- Understanding the changing set of global opportunities and risks
- Greater differentiation within asset classes
- Managing the tails

Some implications of a changing global paradigm for the investment management industry

Key question: who seizes the first mover advantages for their clients?

How do firms respond to clients' evolution to outcome oriented solutions rather than just products?

How do firms respond to the more fluid regulatory environment?

What form does industry consolidation take?

Allianz

For PIMCO, it is about delivering on what we control and responding well to what we do not control

Committed to delivering on what we control

- Outstanding investment performance
- First class client servicing
- Responsive solutions and product line up
- Recognized thought leadership
- Forward-looking business management

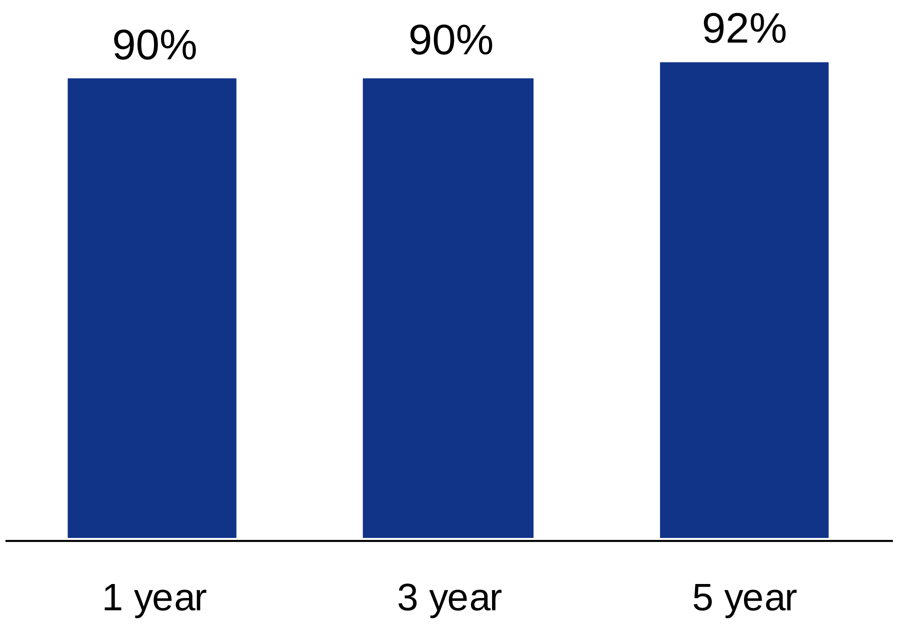
Do not control but committed to respond well

- Asset allocation trends
- Demography
- People are doubtful and looking for guarantees
- Market valuations

PIMCO’s focus is on delivering long-term and sustainable value to our clients – superior investment performance is always a must

PIMCO’s investment performance:
Percentage of discretionary assets outperforming the portfolio benchmark.

Period ending May 31, 2011 (Net of Fees)



Allianz

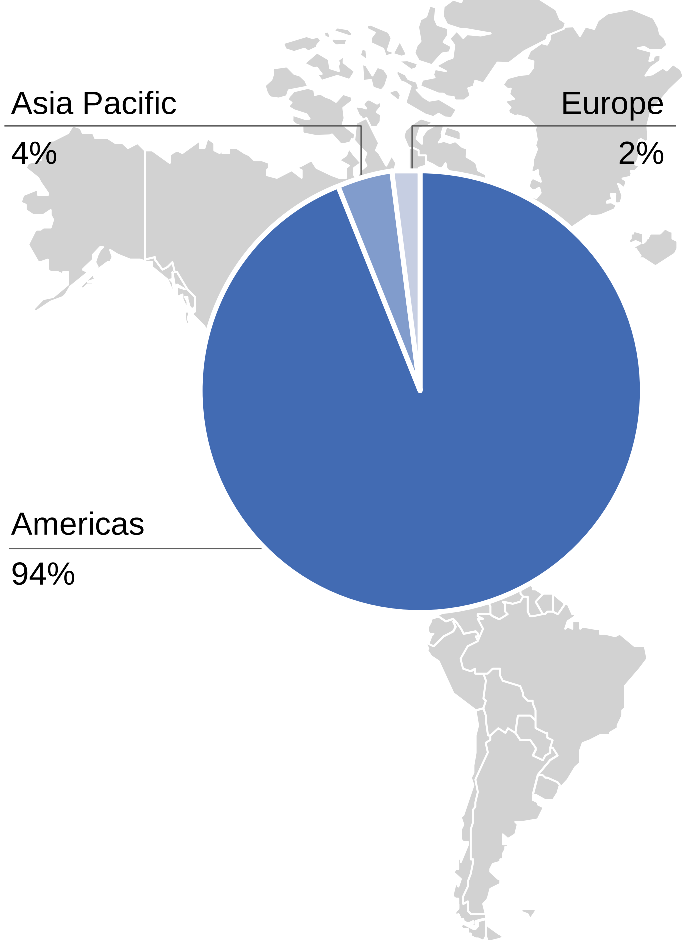
To continue to serve our clients well, PIMCO will adapt and evolve in line with (and ahead of) global economic and market realities

- Investment strategies and portfolio positioning
- Product design and creation of vehicles to fully optimize these changes (journey and destination)
- Technology and analytics
- Client servicing
- Thought leadership

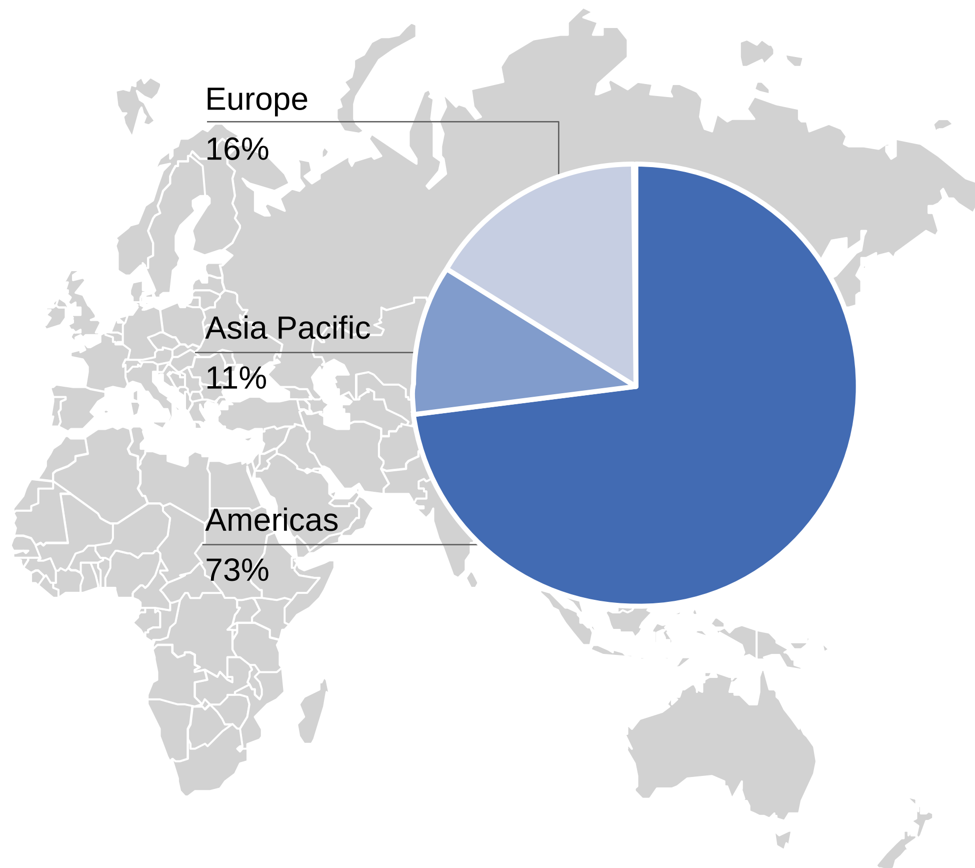
Our heritage		Our future
The Authority on Bonds	→	Your Global Investment Authority

We have developed a more global platform, and will continue to grow our presence in non-U.S. markets

AuM (December 31, 2000): USD 216bn



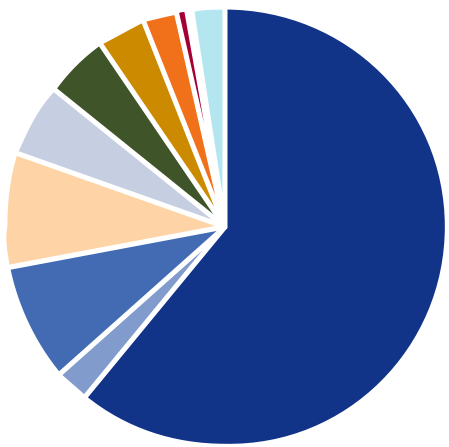
AuM (May 31, 2011): USD 1,399bn



Allianz

We have continued to evolve in a focused yet dynamic fashion-building on what we do very well, and we will continue to do so

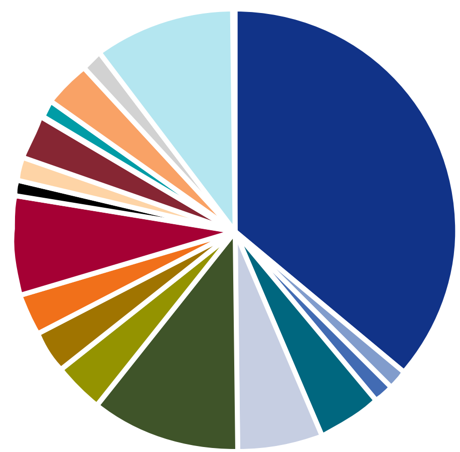
AuM (December 31, 2000): USD 216bn



In %

U.S. Core	60.8	MBS/ABS	3.6
Non-U.S. Core	2.4	Short-term	2.2
Equity	8.7	Real Return	0.8
Long Duration	8.3	Munis	0.2
Global	5.6	Other	2.6
Credit	4.7		

AuM (May 31, 2011): USD 1,399bn

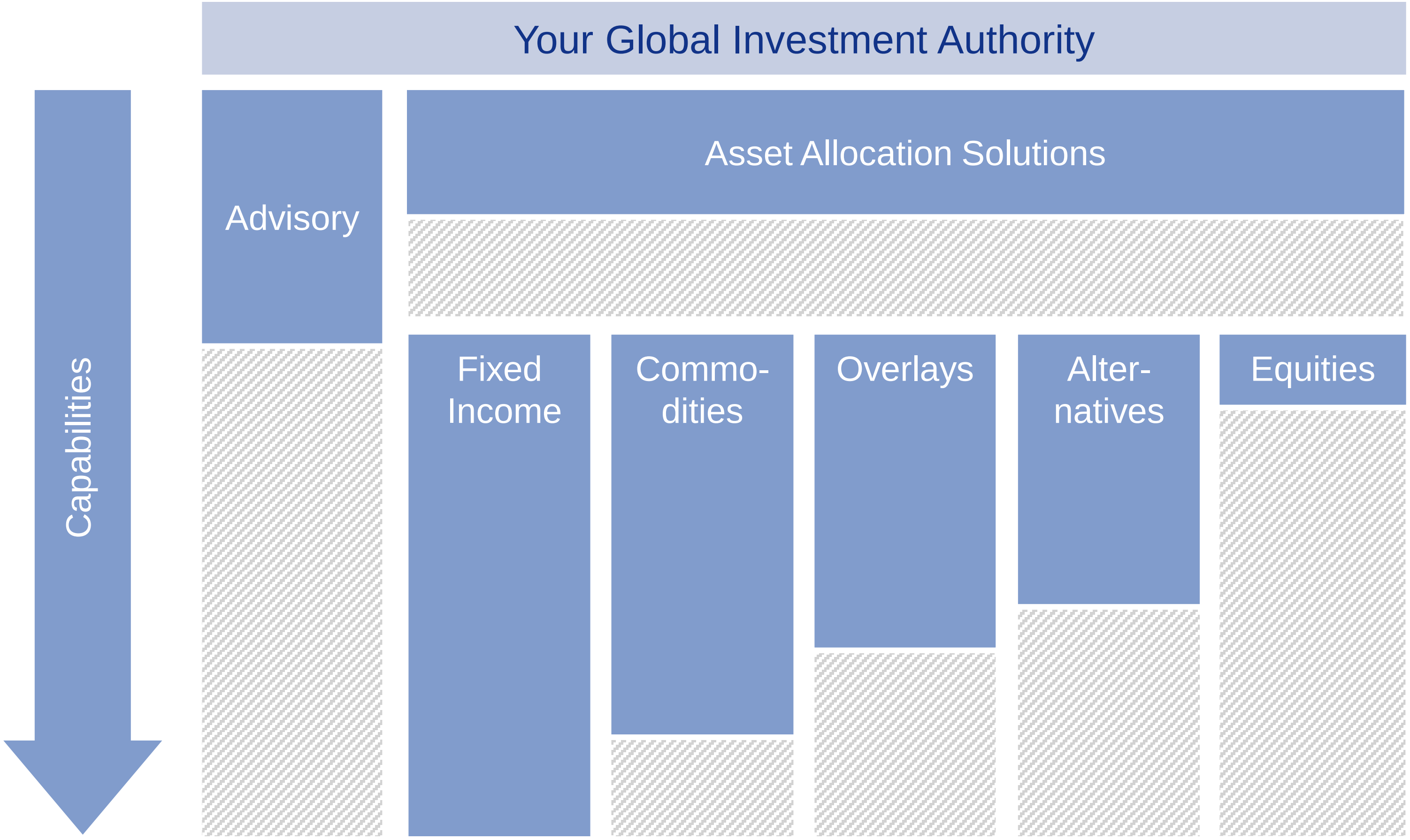


In %

U.S. Core	36.1	Real Return	7.3
Non-U.S. Core	1.4	Munis	0.9
Equity	1.4	Long Duration Credit	1.8
Long Duration	4.7	Liquidity	3.0
Global	6.3	Income	0.2
Credit	10.6	Absolute Return	1.1
Emerging Markets	3.7	PIMCO Asset Allocation	3.4
MBS/ABS	3.0	Unconstrained Bond	1.6
Short-term	3.2	Other	10.4

Continuing to strengthen capabilities across the capital structure and across the world …

… to be our clients' preferred providers of global investment solutions



Allianz

So much for the "what" Now for the "how": "One PIMCO" is a competitive differentiator

- Investment process and solutions
  - Continue to evolve and enhance features of our investment process, to reflect the transitioning nature of global economic growth and investment opportunity
  - Combine well top down and bottom up insights
- Local presence and strong PIMCO culture
  - Continue to invest in our local resources while maintaining consistency in our culture, to ensure "One PIMCO" throughout our offices around the world
  - Cultivate and enhance value of brand equity on a global basis, further developing our local thought leadership
- Organic growth
  - Measured and deliberate … team / individual based vs. acquisitions which can be costly, distracting, and dilutive of culture and standards of excellence

Allianz

Reflecting all this in responsive facts on the ground

- Solutions
- Tail hedging
- Advisory
- ETFs
- Equities
- PIMCO Investments
- NY portfolio management platform and continuing our globalization
- Working with AZ Life and AZ to all become a recognized leader in retirement space

Allianz

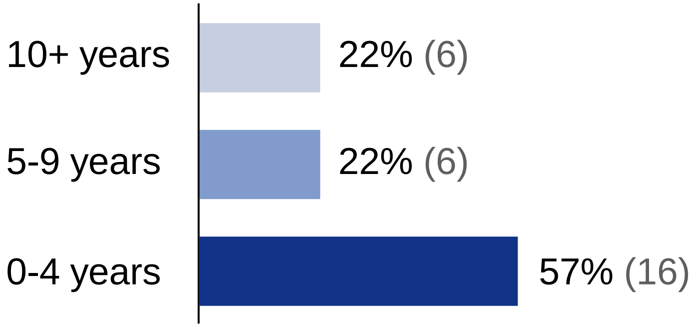
Managing the transformation: challenges and risks

Resilience	We are operating in an environment of change; our success depends on our ability to anticipate and adapt to evolving client needs, investment opportunities, economic developments, and regulation
Culture	We must maintain and enhance the key elements of our success as we grow across regions and capabilities
Reputation	We have built our brand into an incredibly valuable asset, and must protect it at all cost
Governance	We must continue to evolve our internal governance
Talent management	We must maintain our efforts, emphasizing forward-looking skills, diversity and orderly transition

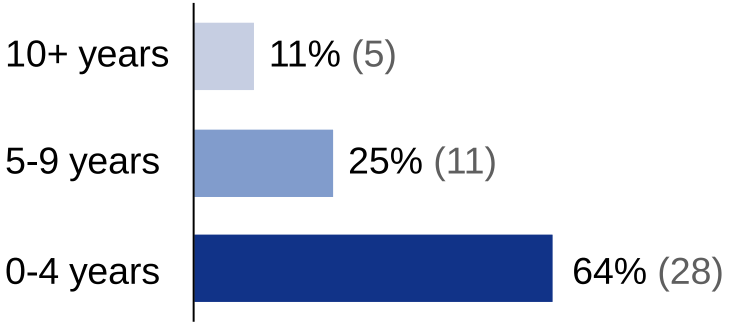
In sum
we must remain
“constructively
paranoid”

Talent management and succession: we have continued to develop a broader group of senior managers, to help enable PIMCO's long-term success

MD tenure profile[1]: 2006



MD tenure profile[1]: 2011



- The pool of MDs has been refreshed and expanded to recognize the experience and contributions of a broader group of individuals
- Since 2006:
  - the total number of MDs has increased from 28 to 44 (+57%)
  - 30 new MDs have been appointed
  - 14 MDs have retired or left the firm
  - have hired MDs from the outside
- The current group of MDs has an average of 20 years of investment experience

1) Denotes numbers of years as an MD of the firm; 2011 shown as-of May 31st

Building on our historical success, PIMCO's best days are still ahead of us

- Living the values that have driven PIMCO' s success for 40 years
  - Clients come first
  - People are our most valuable asset
  - Professional discipline drives us
  - Integrity, always
- Responding to our clients' evolution from products to solutions
- Applying PIMCO quality and thought leadership throughout the value-added chain
- Building resilience by making targeted investments in enablers of future business success
  - Human capital
  - Technology & analytics
  - Completing our multi-year evolution from "just bonds" to "more than bonds" to "our clients provider of global investment solutions"
- Deepening and broadening our successful interactions within the Allianz Group

Allianz

Reinforcing and extending eleven great years of partnership with Allianz

By enabling and supporting PIMCO, Allianz has been instrumental to our ability to serve well our clients, shareholders, and stakeholders …

… and therefore thrive as a company

Looking forward, PIMCO as an integral member of the Allianz Group is committed to…

- … continuing to enhance the Group's Asset Management business line
- … continuing to manage well Group assets entrusted to us
- … advancing with profitable cross fertilization initiatives (e.g., retirement)
- … continuing to deliver solid growth in operating earnings and net income … that is relatively high, relatively stable, and lowly correlated with other sources of earnings for the Group
- … continuing to assist in thought leadership and other strategic Group initiatives
- And thus, continue to deliver large and growing value to shareholders, clients, and other stakeholders

Allianz

In conclusion, our continued success depends on our ability to anticipate and adapt the needs of our clients in an evolving world

- Economies and markets are in the midst of consequential national and global re-alignments
- We must position PIMCO to continue to serve well clients' needs in the midst of a consequential paradigm change
- The ability to understand, anticipate, respond and adapt is key
- We will maintain and enhance key elements of our historic success: versatility and innovation, absorption and agility, defense and offense
- Together with continued strong support from – and expanding collaboration with Allianz – we will continue to position PIMCO as our clients' provider of choice in the global investment management industry, today and tomorrow
- If we succeed, and we fully intend to, PIMCO's best days are ahead of us

Allianz

PIMCO

Your Global Investment Authority. SM

Past performance is not a guarantee or a reliable indicator of future results. Performance figures are presented net of management fees (described in PIMCO's form ADV, part II) commissions, other expenses, and the deduction of actual investment advisory fees; but do not reflect the deduction of custodial fees. The "net of fees" performance figures above also reflect the reinvestment of earnings.

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information contained herein.