

Invitation to
the Annual
General Meeting

2001

- 3 Invitation to the Annual General Meeting
- 32 Board of Management's reports to the Annual General Meeting in connection with items 5, 6, 7 and 9 of the agenda
- 46 Notifications according to Sec. 128 (2) of the German Stock Corporation Act

Invitation to the Annual General Meeting

Dear Sir or Madam,

You are invited to the **Annual General Meeting** of **Allianz Aktiengesellschaft** to be held on **Wednesday, 11 July 2001, at 10.00 a.m.** at the Olympiahalle in the Olympiapark, Coubertinplatz, 80809 Munich, Germany.

Agenda

1. Report of the Board of Management on the development of business

Submission of the approved financial statements, the management report and the report of the Supervisory Board as well as the consolidated financial statements and the consolidated annual report for the 2000 financial year.

2. Appropriation of net earnings

The Board of Management and the Supervisory Board recommend that the available net earnings of € 432,725,000 be appropriated as follows:

- Distribution of a dividend of € 1.50 on each of the no-par value shares entitled to dividends; any amount attributable to treasury shares shall be carried forward.
- € 64,100,000 shall be allocated to other revenue reserves.

Until the Annual General Meeting, the number of shares entitled to dividends may be reduced through share repurchases. If this is the case, the proposed resolution will be adjusted to ensure that, whereas the distribution of € 1.50 on each no-par value share entitled to dividends remains unchanged, the amount attributable to treasury shares that are no longer entitled to dividends be carried forward and the taxes attributable to the diminished reduction in corporate income taxes be presented separately.

3. Approval of the activities of the Members of the Board of Management for the fiscal year 2000

The Board of Management and the Supervisory Board recommend that the activities of the Board of Management be approved.

4. Approval of the activities of the Members of the Supervisory Board for the fiscal year 2000

The Board of Management and the Supervisory Board recommend that the activities of the Supervisory Board be approved.

5. Cancellation of Authorised Capital I, II and III, creation of Authorised Capital 2001/I, renaming of Authorised Capital V and amendment of the Articles of Association

The share capital increase against contributions in kind included in Sec. 2 (5) of the Articles of Association (Authorised Capital III) will be used, in whole or in part, within the framework of the combined take-over bid to the shareholders of Dresdner Bank AG, Frankfurt/Main, to acquire their shares. Therefore, to ensure that the Board of Management remains able to use authorised capital in the future and to issue new shares against contributions in cash or in kind, in particular for the acquisition of majority and minority stakes in companies and, among others, to strengthen the Company's equity position, it is necessary to create a new authorised capital. Taking this into consideration, the various authorised classes of capital should be restructured.

The Board of Management and the Supervisory Board therefore recommend that the following be approved:

- a) Cancellation of the following authorisations granted by the Annual General Meeting to the Board of Management:
 - aa) The authorisation granted by the Annual General Meeting to the Board of Management under item 5 on the agenda on 12 July 2000 for the purpose of increasing, upon the approval of the Supervisory Board, on one or more occasions the share capital of the Company by up to € 200,000,000 through the issuance of new registered shares against cash contributions, valid until 11 July 2005, in accordance with Sec. 2 (3) of the Articles of Association (Authorised Capital I);

- bb) The authorisation granted by the Annual General Meeting to the Board of Management under item 6 on the agenda on 8 July 1998 for the purpose of increasing, upon the approval of the Supervisory Board, on one or more occasions the share capital of the Company by up to € 30,677,512.87 through the issuance of registered shares against cash contributions, valid until 7 July 2003, in accordance with Sec. 2 (4) of the Articles of Association (Authorised Capital II);
- cc) The authorisation granted by the Annual General Meeting to the Board of Management under item 7 on the agenda on 8 July 1998 for the purpose of increasing, upon the approval of the Supervisory Board, on one or more occasions the share capital of the Company by up to € 51,129,188.12 through the issuance of registered shares against contributions in kind, valid until 7 July 2003, in accordance with Sec. 2 (5) of the Articles of Association (Authorised Capital III). This cancellation shall apply only to the extent that the respective authorisation has not been exhausted by the entry in the Commercial Register of the capital increase approved by the Board of Management on 31 March 2001.

b) **New Authorised Capital 2001/I**

- aa) The Board of Management shall be authorised to increase the share capital of the Company on one or more occasions until 10 July 2006 by up to € 250,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash or in kind (Authorised Capital 2001/I). This authorisation to the Board of Management shall be increased by € 50,000,000 to comprise a total amount of € 300,000,000 immediately after the cancellation of the remaining Authorised Capital III pursuant to sub-item a), cc) is registered with the Commercial Register.

The Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights when shares are issued against contributions in kind. Whenever shares are issued against contributions in

cash, the shareholders shall retain their subscription rights. However, the Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights. The Board of Management shall be further authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of a capital increase against contributions in cash when the issue price is not substantially lower than the market price. This authorisation, however, shall apply only to the extent that the number of shares issued without subscription rights – in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act – does not exceed 10% of the share capital existing neither at the time when this authorisation becomes effective nor at the time when this authorisation is exercised. This 10% limitation shall be offset by the sale of treasury shares, to the extent that this sale is made pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. This 10% limitation shall also be offset by the number of shares necessary to support bonds carrying conversion and/or other option rights, to the extent that these bonds have been issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

The Board of Management shall be authorised to determine additional rights of the shares as well as any additional issuance conditions, upon the approval of the Supervisory Board.

- bb) The following amendment to Sec. 2 (3) of the Articles of Association shall remain in place until the cancellation of the remaining Authorised Capital III pursuant to sub-item a), cc) is registered with the Commercial Register. Until that time, Sec. 2 (3) of the Articles of Association shall be amended to read as follows:

"3. The Board of Management shall be authorised to increase the share capital of the Company on one or more occasions until 10 July 2006 by up to € 250,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash or in kind (Authorised Capital 2001/I). The Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights when shares are issued against contributions in kind. Whenever shares are issued against contributions in cash, the shareholders shall retain their subscription rights. However, the Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription rights. The Board of Management shall be further authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of a capital increase against contributions in cash when the issue price is not substantially lower than the market price. This authorisation, however, shall apply only to the extent that the number of shares issued without subscription rights – in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act – does not exceed a total of 10% of the share capital existing neither at the time when this authorisation becomes effective nor when it is exercised. This 10% limitation shall be offset by the sale of treasury shares, to the extent that this sale is made pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. Furthermore, this 10% limitation shall be offset by the number of shares necessary to meet obligations arising from bonds carrying conversion and/or other option rights, to the extent that these bonds have been issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

The Board of Management shall be authorised to determine additional rights of the shares as well as additional conditions of their issuance, upon the approval of the Supervisory Board.”

- cc) After the cancellation of the remaining Authorised Capital III pursuant to sub-item a), cc) is registered with the Commercial Register, Sec. 2 (3) of the Articles of Association shall be amended to read as follows:

“3. The Board of Management shall be authorised to increase the share capital of the Company on one or more occasions until 10 July 2006 by up to €300,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash or in kind (Authorised Capital 2001/I). The Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude shareholders’ subscription rights when shares are issued against contributions in kind. Whenever shares are issued against contributions in cash, the shareholders shall retain their subscription rights. However, the Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude fractional amounts from the shareholders’ subscription rights. The Board of Management shall be further authorised, upon the approval of the Supervisory Board, to exclude shareholders’ subscription rights in the case of a capital increase against contributions in cash when the issue price is not substantially lower than the market price. This authorisation, however, shall apply only to the extent that the number of shares issued without subscription rights – in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act – does not exceed a total of 10% of the share capital existing neither at the time when this authorisation becomes effective nor when it is exercised. This 10% limitation shall be offset by the sale of treasury shares, to the extent that this sale is made pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. Furthermore, this 10%

limitation shall be offset by the number of shares necessary to meet obligations arising from bonds carrying conversion and/or other option rights, to the extent that these bonds have been issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186(3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

The Board of Management shall be authorised to determine additional rights of the shares as well as additional conditions of their issuance, upon the approval of the Supervisory Board."

c) Amendment of the Articles of Association

- aa) Paragraph 4 of Sec. 2 of the Articles of Association shall be deleted upon effectiveness of the new Authorised Capital 2001/I of € 250,000,000 as provided by sub-item b), aa). As a result, paragraphs 5 to 9 shall remain unchanged in their sequence, but will now become paragraphs 4 to 8.

The words "Authorised Capital V", which are now in brackets at the end of paragraph 7 of Sec. 2 of the Articles of Association (which will now become paragraph 6, as provided by above), shall be amended to read "Authorised Capital 1998", without any additional changes to that paragraph, as follows:

"(Authorised Capital 1998)."

- bb) Paragraph 5 of Sec. 2 of the Articles of Association (which became paragraph 4 as provided by sub-item c), aa) above), shall be deleted upon effectiveness of the new Authorised Capital 2001/I of € 250,000,000 as provided by sub-item b), aa) and upon registration with the Commercial Register of the cancellation of the previous remaining Authorised Capital III as provided by sub-item a), cc). As a result, former paragraphs 6 to 9 (which became paragraphs 5 to 8 as provided by sub-item c), aa) above), will remain unchanged in sequence but will become paragraphs 4 to 7.

Paragraph 7 (which became paragraph 6 as provided by sub-item c), aa) above), shall be modified according to sub-item c), aa).

d) **Registration with the Commercial Register**

To ensure that the cancellation of the previously authorised classes of capital shall not become effective until they have been replaced by the new Authorised Capital 2001/I of € 250,000,000, the Board of Management is hereby instructed to register with the Commercial Register the resolutions cancelling Authorised Capital I–III only if it can ensure that the resolutions creating the new Authorised Capital 2001/I of € 250,000,000 according to sub-item b), aa) as well as the required amendments to the Articles of Association according to sub-item b), bb) and sub-item c), aa), will be registered with the Commercial Register immediately after the cancellation is registered.

6. **Cancellation of Authorised Capital IV, creation of the Authorised Capital 2001/II for the purpose of issuing shares to employees, and amendments to the Articles of Association**

The Authorised Capital IV (Sec. 2 (6) of the Articles of Association) – created for the purpose of issuing shares to employees – has been used up except for a remaining amount of € 1,240,721.77. Because employees from foreign group companies are now included in the employee share program (beginning in 2000) and the number of employees included in the scheme may considerably increase as a result of the envisaged take-over of the Dresdner Bank Gruppe, it has become necessary to enlarge this authorisation. Thus, the administration hereby recommends the cancellation of the remaining authorisation and the creation of a new Authorised Capital 2001/II of € 10,000,000.

The Board of Management and the Supervisory Board recommend that the following be adopted:

- a) The cancellation of the authorisation granted by the Annual General Meeting to the Board of Management under item 6 of the agenda on 10 July 1997 for the purpose of increasing, upon the approval of the Supervisory Board, the share capital of the Company on one or more

occasions through the issuance of registered shares against contributions in cash, valid until 10 July 2002, according to Sec. 2 (6) of the Articles of Association (Authorised Capital IV), and of which € 1,240,721.77 remains.

- b) The authorisation to the Board of Management to increase the share capital of the Company on one or more occasions until 10 July 2006 by up to € 10,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash (Authorised Capital 2001/II). Upon the approval of the Supervisory Board, the Board of Management may exclude shareholders' subscription rights in order to issue the new shares to the employees of Allianz AG and its group companies. The Board of Management shall be further authorised, upon the approval of the Supervisory Board, to exclude fractional amounts of the shareholders' subscription rights.

The Board of Management shall be authorised to determine additional rights of the shares as well as any additional issuance conditions upon the approval of the Supervisory Board.

- c) Paragraph 6 of Sec. 2 of the Articles of Association (which became paragraph 5 and thereafter paragraph 4, as provided above by item 5 sub-items c) aa) and bb), respectively) shall be amended to read as follows:

“The Board of Management shall be authorised to increase the share capital of the Company on one or more occasions until 10 July 2006 by up to € 10,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash (Authorised Capital 2001/II). The Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights in order to issue shares to the employees of Allianz AG and its group companies. The Board of Management shall be further authorised to exclude, upon the approval of the Supervisory Board, fractional amounts from the shareholders' subscription rights.

The Board of Management shall be authorised to determine additional rights of the shares as well as additional conditions of their issuance, upon the approval of the Supervisory Board.”

- d) To ensure that the cancellation of Authorised Capital IV shall not become effective until it has been replaced by the new Authorised Capital 2001/II, the Board of Management is hereby instructed to register with the Commercial Register the resolution that cancels the Authorised Capital IV according to sub-item a) above only if it can ensure that the resolution creating the new Authorised Capital 2001/II according to sub-item b), as well as the required amendment to the Articles of Associations according to sub-item c), will be registered with the Commercial Register immediately after the cancellation is registered.

7. Authorisation to issue convertible bonds and/or bonds with warrants, creation of conditional capital, cancellation of previous authorisation to issue convertible bonds or bonds with warrants, cancellation of the previous conditional capital and amendments to the Articles of Association

The Annual General Meeting, under item 8 of the agenda on July 8 1998, authorised the Board of Management to issue bonds with conversion and/or option rights on registered shares of the Company on one or more occasions until 30 June 2003, upon the approval of the Supervisory Board.

Taking into account that this authorisation is valid until 30 June 2003, and that it is to be extended, a new authorisation to issue convertible bonds and/or bonds with warrants is hereby recommended, as well as a new authorisation to create the necessary conditional capital to meet the obligations arising from the exercise of the respective conversion and/or option rights. Any previous authorisations and the previously authorised conditional capital shall be cancelled at the time when the new authorisation and the new conditional capital become effective.

The Board of Management and the Supervisory Board therefore recommend that the following be adopted:

a) **Authorisation to issue convertible bonds and/or bonds with warrants**

aa) **Nominal amount, maturity, authorisation period, number of shares**

The Board of Management shall be authorised, until 10 July 2006, to issue on one or more occasions convertible bonds and/or bonds with warrants (hereinafter the "bonds"), either registered or in bearer form, in a nominal amount of up to € 5,000,000,000 and with a maturity not exceeding twenty years, upon the approval of the Supervisory Board and to grant to the holders of these bonds, subject to the terms and conditions of the respective convertible bond or bond with warrants, conversion and/or option rights of up to a proportionate stake in the share capital of the Company of € 50,000,000. Bonds may be issued also against contributions in kind, to the extent that the value of such contribution matches the issue price and that the issue price is not substantially lower than the market value of the bond to be determined pursuant to sub-item bb).

The bonds may be issued either in euro or in the legal currency of any OECD country (in an amount equivalent to the amount stipulated in euro). The bonds may be issued by companies in which Allianz AG has a direct or indirect controlling interest, in which case the Board of Management shall be authorised to grant a Company guarantee on the bonds and to grant to the holders conversion and/or option rights on shares of Allianz AG.

bb) **Granting and exclusion of subscription rights**

As a general rule, all shareholders have subscription rights. However, the Board of Management shall be authorised to exclude the shareholders' subscription rights to bonds with conversion and/or option rights on shares of Allianz AG, upon the approval of the Supervisory Board, to the extent that the issue price is not substantially lower than the theoretical market value of the bonds calculated on the basis of recognised financial principles. For the purpose of determining the market value, an expert opinion shall be obtained from a reputable investment bank or auditing company unrelated to the issuance of the relevant bonds.

However, this authorisation to exclude subscription rights shall only apply to the bonds carrying conversion and/or option rights that are issued without subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act – if the number of shares necessary to meet the obligations arising from the conversion and/or option rights does not exceed 10% of the share capital, neither at the time when this authorisation becomes effective nor when it is exercised. This 10% limitation shall be offset by the sale of treasury shares, to the extent that this sale is made pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. Furthermore, this 10% limitation shall also be offset by shares that are issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

If the Board of Management does not use the authorisation to exclude subscription rights, it shall nevertheless be authorised to exclude fractional amounts from the shareholders' subscription rights and to exclude subscription rights to the extent necessary to grant subscription rights to the holders of bonds carrying conversion and/or other option rights and/or to the holders of mandatory convertible bonds to the extent they would have been entitled to if they had exercised their conversion and /or option rights or after the mandatory conversion, both upon the approval of the Supervisory Board.

cc) **Conversion rights and mandatory conversion**

The holders of convertible bonds shall be entitled to exchange their convertible bonds against shares of the Company pursuant to the respective bond's terms and conditions. The proportionate amount in the share capital of the shares to be issued following

conversion shall not exceed the nominal amount of the convertible bond. The conversion ratio shall be computed by dividing the nominal amount of a bond by the fixed conversion price fixed for a share in the Company. The conversion ratio may also be calculated by dividing the offer price (if it is below the nominal amount of the bond) by the fixed conversion price per share. The conversion ratio may be rounded up or down to the next full number; it is also possible to stipulate additional cash payments. Furthermore, it may be provided that fractional shares be combined and/or settled in cash.

The bond's terms and conditions may also provide for a mandatory conversion at maturity (or at some earlier point in time).

dd) **Option rights**

If bonds with warrants are issued, each bond will contain one or more warrants authorising the holder to subscribe shares in the Company pursuant to the respective bond's terms and conditions determined by the Board of Management. The proportionate amount in the share capital of the shares that can be subscribed per bond shall not exceed the nominal amount of the bond with warrants. The maturity of the option right shall not exceed twenty years.

ee) **Other provisions**

The bond's terms and conditions may allow the delivery of treasury shares upon conversion or when an option is exercised. The terms and conditions may also allow the Company to discharge its obligations arising from bonds with conversion and/or option rights with cash payments. The amount of these payments will be determined based on the average closing price of an Allianz share in Xetra (or any succeeding system) on at least two consecutive trading days during a period of ten trading days before and ten days after the conversion notice or option-exercise notification. The terms and conditions may also allow for variations in the number of shares (or the related conversion ratio) to be delivered upon exercise of conversion or option rights or upon mandatory conversion and on the conversion/strike price within a range determined by the Board of Manage-

ment depending upon the performance of the share price or as a result of a dilution protection clause.

ff) **Conversion/strike price**

The conversion and/or strike price to be fixed with respect to a share shall (also in the case of variable conversion ratios or a variable conversion or strike price) not fall below 80% of the average closing price of an Allianz share in Xetra (or any succeeding system) during a period of ten trading days before the Board of Management resolves to issue the convertible bonds or bonds with warrants or shall be at least equivalent to 80% of the average closing price of an Allianz share in Xetra (or any succeeding system) on the days the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days during which the subscription rights are traded.

Notwithstanding the provisions of Sec. 9(1) of the German Stock Corporation Act, if the Company increases its share capital during the conversion or warrant exercise period and at the same time grants subscription rights to its shareholders or if the Company issues additional convertible bonds or bonds with warrants or grants to shareholders other option rights and does not grant subscription rights to the holders of conversion and option rights to the extent they would have been entitled to if they had already exercised their conversion or option rights, then the conversion or strike price will be reduced through either a cash payment or a reduction of the additional payment as provided by the dilution protection clause included in the terms and conditions of the respective convertible bond and/or bond with warrants. Instead of a cash payment or a reduction in the additional payment, and as far as practicable, the conversion ratio may be adjusted by dividing by the reduced conversion price. Furthermore, the terms and conditions may also provide for an adjustment of the conversion and/or option rights in the event of a capital decrease.

gg) **Authorisation to determine additional bond terms**

The Board of Management shall be authorised to determine additional details concerning the issuance and structure of the

bonds, including interest rates, issue price, maturity and denomination, conversion and/or strike price and conversion and/or option period and/or to determine these additional terms and conditions in accordance with the management of the issuer when the issuer is a company in which Allianz AG has a direct or indirect controlling interest.

b) **Capital increase**

The share capital shall be conditionally increased by up to € 50,000,000. This conditional capital increase shall enable the delivery of shares to the holders of bonds issued in accordance with the authorisation referred to above, to the extent that such bonds are issued against payment in cash.

The issuance of new shares shall be made according to the conversion or strike price stipulated pursuant to sub-item a). The conditional capital increase shall be carried out only to the extent that conversion and/or option rights from bonds issued against cash payments are exercised or that mandatory conversion obligations are fulfilled, and insofar as no treasury shares are delivered to the holders of bonds.

The new shares are entitled to receive dividends payments from the start of the fiscal year in which they are issued due to the exercise of conversion and/or option rights or the fulfilment of the mandatory conversion.

The Board of Management shall be authorised to determine any other details necessary for the implementation of a conditional capital increase.

c) **Cancellation of earlier resolutions**

aa) **Cancellation of the previous authorisation to issue bonds**

The authorisation granted by the Annual General Meeting to the Board of Management under item 8 of the agenda on 8 July 1998 for the purpose of issuing, upon the approval of the Supervisory Board, on one or more occasions bonds with conversion or option rights on registered shares of Allianz AG up until 30 June 2003, shall be cancelled.

bb) Cancellation of conditional capital

The conditional capital of € 10,240,000 provided by Sec.2 (8) of the Articles of Association shall be cancelled.

cc) Effectiveness

The cancellation of the authorisation according to sub-item aa) and the cancellation of the conditional capital according to sub-item bb) shall become effective only on condition that the new authorisation to issue bonds with warrants and/or convertible bonds according to the resolution made pursuant to sub-item a) as well as the new conditional capital according to the resolution pursuant to sub-item b) become effective.

d) Amendments to the Articles of Association

Paragraph 8 of Sec.2 of the Articles of Association (which became paragraph 7 and thereafter paragraph 6, as provided above by item 5 sub-items c) aa) and bb), respectively) shall be amended to read as follows:

“The share capital is conditionally increased by up to € 50,000,000 divided up into up to 19,531,250 shares (Conditional Capital 2001). The conditional capital increase will be carried out only to the extent that the holders of convertible bonds or bonds with warrants – issued by Allianz AG or companies in which it holds a direct or indirect controlling interest against payment in cash pursuant to an authorisation approved by the Annual General Meeting on 11 July 2001 for the period up to 10 July 2006 – exercise their conversion and/or option rights, or to the extent that the holders of mandatory convertible bonds – issued by Allianz AG or companies in which it holds a direct or indirect controlling interest against payment in cash pursuant to an authorisation approved by the Annual General Meeting on 11 July 2001 for the period up to 10 July 2006 – fulfil their conversion obligation, and in so far as no treasury shares are delivered to the holders of bonds.

The new shares are entitled to receive dividend payments from the start of the fiscal year in which they are issued due to the exercise of conversion and/or option rights or the fulfilment of the mandatory conversion.”

e) **Registration with the Commercial Register**

To ensure that the cancellation of the previous conditional capital included in Sec. 2 (8) of the Articles of Association does not become effective before the new conditional capital becomes effective, the Board of Management is hereby instructed to ensure that the cancellation of the previous conditional capital is registered with the Commercial Register only after the new conditional capital is registered.

8. **Authorisation to acquire own shares for the purpose of securities trading**

In order to ensure that especially Dresdner Bank AG, following its envisaged take-over, is able to deal in shares of Allianz AG, an authorisation should be granted to repurchase own shares for the purpose of dealing in securities according to Sec. 71 (1) No. 7 of the German Stock Corporation Act.

The Board of Management and the Supervisory Board therefore recommend that the following be adopted:

- a) Authorisation for domestic or foreign banks within the meaning of Sec. 71 (1) No. 7 of the German Stock Corporation Act controlled by the Company to acquire and sell shares of the Company for the purpose of dealing in securities. The total number of shares acquired under this authorisation and other treasury shares owned by the Company (or that the Company is deemed to own according to Sec. 71a seq. German Stock Corporation Act) may at no time exceed 10% of the share capital.
- b) By reason of this resolution, shares may only be acquired if their value does not exceed or fall below the average closing market price in Xetra (or any succeeding system) of Allianz shares during the three trading days preceding their acquisition by more than 10%.
- c) The trading position in shares acquired for this purpose may not exceed 5% of the share capital of Allianz AG at the end of each day.
- d) This authorisation shall become effective on 12 July 2001 and shall be valid until 31 December 2002.

9. Authorisation to acquire own shares for other purposes

The authorisation granted by the Annual General Meeting to the Board of Management on 12 July 2000 to acquire own shares pursuant to Sec. 71 (1) No. 8 of the German Stock Corporation Act is effective until 31 December 2001 and should therefore be renewed. The proposed resolution determines under which circumstances the Company may acquire its own shares and what subsequent uses may be given to treasury shares.

The Board of Management and the Supervisory Board recommend that the following be adopted:

- a) The Company shall be authorised to acquire its own shares up to a total of 10% of the current share capital, provided that the total amount of the shares under this authorisation and other treasury shares owned by the Company (or that the Company is deemed to own according to Sec. 71a seq. German Stock Corporation Act) may at no time exceed 10% of the share capital. This authorisation may not be employed for the purpose of dealing in securities with treasury shares.
- b) This authorisation may be exercised by the Company or by other companies controlled by the Company or for their account or by third parties acting on the account of the Company, in whole or in part and on one or more occasions, to pursue one or several purposes. This authorisation shall be effective up to 31 December 2002. The authorisation granted by the Annual General Meeting of Allianz AG on 12 July 2000 concerning the acquisition of own shares shall be cancelled when this new authorisation becomes effective.
- c) The share repurchase may be carried out, at the discretion of the Board of Management, via (1) the stock exchange (2) a tender offer (or a public invitation to make such a tender) or (3) an exchange offer against other shares admitted to official trading or a regulated market at a domestic stock exchange (including the Neuer Markt) or to a regulated market within the meaning of Sec. 1 No. 13 of the Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field (OJ EC No. L 141 page 27) in another country of the European Economic Area (or via a public invitation to make such an exchange offer).

- (1) If the shares are repurchased directly through the stock exchange, the purchase price per share (without incidental costs) may not be more than 15% higher or lower than the opening price on the respective trading day in Xetra (or any comparable succeeding system).
- (2) If the shares are repurchased through a tender offer (or a public invitation to make such a tender), the tender price per share (exclusive of incidental costs), or the high and low ends of the price range, may not be more than 20% higher or lower than the closing price in Xetra (or a comparable succeeding system) on the third trading day prior to the public announcement of the tender. If the offer is oversubscribed, shares will be repurchased on a quota basis. Odd lots of up to 100 shares per shareholder may receive preferential treatment.
- (3) If the acquisition is made through a public offer (or a public invitation to make such an offer) to swap shares of Allianz AG against shares of another corporation ("swap shares"), the swap ratio may be fixed or may be determined by auction. Consideration in cash may supplement the delivery of swap shares or may be used to settle fractional amounts. Irrespective of the swap formula used, the swap price per share (exclusive of incidental costs), including the number of swap shares (or fractions) delivered plus any additional cash, may not be more than 20% higher or lower than value of an Allianz share. For this purpose, the swap shares must be admitted to official trading or a regulated market at a domestic stock exchange (including the Neuer Markt) or to a regulated market within the meaning of Sec. 1 No. 13 of the Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field (OJ. EC No. L 141 page 27) in another country of the European Economic Area.

The value of the shares of Allianz AG and of the swap shares shall be calculated based on the relevant closing price in Xetra (or, if trading is not carried out via the Xetra system, in the most similar trading system available in the relevant market segment) on the third trading day prior to the public announcement of the swap offer. If, during the auction procedure, substantial price

deviations become apparent, the prices on the third trading day prior to the public announcement of an adjustment may be used. The swap offer may stipulate additional conditions. If the offer is oversubscribed, shares will be repurchased on a pro-rata basis. Odd lots of up to 100 shares per shareholder may receive preferential treatment.

- d) The Board of Management shall be authorised to use shares of the Company repurchased on the basis of this authorisation for any lawful purposes, including any of the following:
- aa) The shares may be retired without an additional resolution by the Annual General Meeting authorising the retirement of shares or its implementation.
 - bb) Besides via the stock exchange or via an offer to shareholders, the shares can be sold in other ways if they are sold against payments in cash at a price not substantially below the market price of shares with identical features at the time of the sale. This authorisation, however, shall apply only to the extent that the number of shares sold without subscription rights – in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act – does not exceed 10% of the share capital neither at the time when this authorisation becomes effective nor at the time when this authorisation is exercised. This 10% limitation shall be offset by any such shares which are issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. This 10% limitation shall also be offset by the number of shares necessary to meet obligations arising from bonds carrying conversion and/or other option rights, to the extent that these bonds have been issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

- cc) The shares may be sold against contributions in kind, particularly in the case of mergers or in the case of acquisitions of majority or minority stakes in companies.
 - dd) The shares may be placed on foreign stock exchanges on which they are not yet listed. The initial offer price (excluding incidental costs) of these shares may not be more than 5 % below the closing price in Xetra (or a comparable succeeding system) on the last trading day prior to the listing.
 - ee) The shares may be delivered to holders of convertible bonds or options issued by the Company or its group companies upon conversion or exercise of the option.
- e) The authorisations under sub-item d) shall also apply to the shares of the Company acquired on the basis of earlier authorisations according to Sec. 71 (1) No. 8 of the German Stock Corporation Act and – with the exception of sub-item d), aa) – to any such shares acquired according to the fifth sentence of Sec. 71 d of the German Stock Corporation Act.
- f) Authorisations according to d) above may be exercised on one or more occasions, in whole or in part, individually or jointly. The authorisations on sub-item d), bb), cc), ee) may also be exercised by companies controlled by the Company or for their account or by third parties acting on the account of the Company.
- g) The shareholders' subscription rights on these own shares shall be excluded insofar as these shares are used according to the above authorisation according to sub-item d), bb-ee). Furthermore, the Board of Management shall be authorised, in the event of a sale of its own shares previously acquired through an offer to shareholders, to grant holders of bonds with conversion and/or option rights issued by the Company or its group companies subscription rights on these shares to the extent they would be entitled to after having exercised the conversion/option right; to this extent, the shareholders' subscription rights shall be excluded.

10. Other amendments to the Articles of Association

The Board of Management and the Supervisory Board recommend that the following be adopted:

- a) Sec. 3 (1) of the Articles of Association shall be amended as follows:

“1. The shareholders shall not have the right to receive share certificates unless it is necessary pursuant to the rules applicable to a stock exchange where the shares are listed.”

Currently, Sec. 3 (1) of the Articles of Association reads as follows:

“1. Each shareholder has a right to claim a certificate for his shares. However, the Company is entitled to issue share certificates for several shares (multi-stock certificate). To this extent the right to single share certificates is excluded.”

- b) Sec. 7 (2) of the Articles of Association shall be amended as follows:

“2. The Chairman of the Supervisory Board having been elected, the Supervisory Board shall constitute a quorum if all members have been invited or requested to cast a vote and if either ten members, including the Chairman, or else fifteen members participate in the voting.”

Currently, Sec. 7 (2) of the Articles of Association reads as follows:

“2. The Chairman of the Supervisory Board having been elected, the Supervisory Board shall constitute a quorum if all members have been invited or requested to vote in writing and if either ten members, including the Chairman, or else fifteen members participate in the voting.”

- c) The last sentence of Sec. 9 of the Articles of Association shall be deleted. Sec. 9 of the Articles of Association will therefore read as follows:

“Each member of the Supervisory Board will receive, in addition to the refund of his out-of-pocket expenses, an annual remuneration of 4,000 euros, which will increase by 500 euros for every cent which the dividend per share exceeds the amount of 15 cents. The Chairman of the Supervisory Board will receive double, every Deputy Chairman

one-and-a-half times, these amounts. Members of the Supervisory Board will be reimbursed for the VAT payable on these salaries.”

The last sentence of Sec. 9 of the Articles of Association that is recommended to be deleted, reads as follows:

“The profit-related remuneration for the period up to the 1998 Annual General Meeting will be calculated in accordance with the Articles of Association that apply to this period.”

- d) Sec. 10 (3) of the Articles of Association shall be amended to read as follows:

“3. Shareholders shall be entitled to participate and to vote in the Annual General Meeting if they have provided notice of their participation in due time and if their respective shares are registered in the share register; they may be represented by a proxy.”

Currently, Sec. 10 (3) of the Articles of Association reads as follows:

“3. Only such shareholders shall be entitled to participate, as are listed on the register of shareholders and have given notice of their participation in due time; they may be represented by proxy.”

11. Approval of control and profit transfer agreements

The Board of Management and the Supervisory Board recommend that the control and profit transfer agreements concluded between Allianz AG and the subsidiaries listed hereafter (the “subsidiaries”) be approved:

- a) Allianz Private Equity Partners GmbH, Munich, Agreement dated 27 April 2001;
- b) AFIN GmbH, Munich, Agreement dated 23 May 2001;
- c) Mobile Vermögensplanung AG, Munich, Agreement dated 23 May 2001;

- d) Allianz Global Risks Rückversicherungs-AG, Munich, Agreement dated 18 May 2001;
- e) Allianz-Pensions-Management AG, Stuttgart, Agreement dated 25 May 2001.

The agreements include the following material provisions:

- The subsidiary places its management under the control of Allianz AG which shall be entitled to give instructions to the subsidiary.
- The subsidiary shall transfer all of its profits to Allianz AG.
- The subsidiary may, upon the approval of Allianz AG, create other earning reserves from its profits for the fiscal year as long as such reserve does not contravene any law and is economically reasonable. These reserves shall be liquidated if required by Allianz AG and shall be used to offset the loss of a fiscal year or shall be transferred as profit. The transfer of amounts attributable to the liquidation of capital reserves and profit reserves that were established before the respective agreement became legally effective is excluded.
- Allianz AG shall be obliged to compensate any loss for the fiscal year according to Sec. 302 (1) and (3) of the German Stock Corporation Act to the extent that this loss is not compensated for by withdrawing amounts from revenue reserves which were transferred to such reserves during the term of the agreement.
- All agreements, with the exception of the agreement between Allianz AG and Allianz Global Risks Rückversicherungs-AG and the agreement between Allianz AG and Allianz-Pensions-Management AG, may be terminated for the first time by either party on 31 December 2005. The agreement between Allianz AG and Allianz Global Risks Rückversicherungs-AG and the agreement between Allianz AG and Allianz-Pensions-Management AG may be terminated for the first time on 31 December 2006. All agreements may be terminated thereafter at the end of each calendar year. The parties may terminate the agreement with justified cause at any time.

- With the exception of the agreement between Allianz AG and Allianz Global Risks Rückversicherungs-AG, which shall become effective retroactively as of 18 May 2001, the agreements shall become effective retroactively as of 1 January 2001 with the exception of Allianz AG's entitlement to give instructions to the subsidiaries.

The agreement with Allianz-Pensions-Management AG contains additional provisions, as this company is to offer pension funds for employee pension schemes and this business will be regulated and supervised by governmental authorities once the respective legislative procedure has concluded. Therefore, the agreement between Allianz AG and Allianz-Pensions-Management AG contains the following **additional** material provisions which take into account the principles established by the Insurance Supervisory Office (Bundesaufsichtsamt für das Versicherungswesen) regarding control and profit transfer agreements of insurance companies:

- The Board of Management of Allianz-Pensions-Management AG shall independently implement the necessary measures to comply with the provisions stipulated by law and by the supervisory authorities as well as with the administrative principles of the supervisory authorities. Allianz AG may not issue any instructions, which objectively assessed, could disadvantage the current and future beneficiaries of pension benefits or impair the fulfilment of the pension commitments.
- Transfer of annual profits to revenue reserves shall not require the approval of Allianz AG as long as this is necessary to fulfil legal solvency requirements.
- Profits may only be transferred and revenue reserves liquidated to the extent that the Allianz-Pensions-Management AG retains the necessary internal funds to comply with the applicable solvency regulations.

The shareholders' meetings of Allianz Private Equity Partners GmbH and AFIN GmbH as well as the general meetings of Mobile Vermögensplanung AG, Allianz Global Risks Rückversicherungs-AG and Allianz-Pensions-Management AG have approved, and such approval has been notarised, the respective control and profit transfer agreements.

At the time when the relevant agreements were concluded and the approval resolutions were passed by the shareholders' meeting and the general meeting of the subsidiaries, Allianz AG was the sole shareholder of the subsidiaries. Therefore, Allianz AG does not have to make compensating payments or indemnities to outside shareholders.

The following documents are available for inspection by the shareholders at the premises of Allianz AG, Königinstrasse 28, 80802 Munich, as well as at the business premises of the relevant subsidiary:

- respective company agreement;
- respective joint report of the Board of Management of Allianz AG and the management of the respective subsidiary;
- financial statements and management reports of Allianz AG for the last three fiscal years;
- for Allianz Private Equity Partners GmbH additionally: the financial statements of Allianz Private Equity Partners GmbH (previously "Antaios Vermögensverwaltungsgesellschaft mbH") for the fiscal years 1999 (inception) and 2000;
- for AFIN GmbH additionally: the financial statements of AFIN GmbH (previously "EVA Asset Management GmbH") for the last three fiscal years;
- for Mobile Vermögensplanung AG additionally: the financial statements of Mobile Vermögensplanung AG (previously "merch Zweihundertunddreiundsechzigste Vermögensverwaltung AG") for the fiscal year 2000 (inception);
- for Allianz Global Risks Rückversicherungs-AG 2000 additionally: the opening balance sheet dated 26 February 2001 of the newly founded Allianz Global Risks Rückversicherungs-AG (previously "CM 01 Vermögensverwaltung 006 AG");

- for Allianz-Pensions-Management AG additionally:
the financial statements of Allianz-Pensions-Management AG
for the last three fiscal years.

Upon request, each shareholder will receive promptly a copy of these documents free of charge. The agreements and the joint reports of the Board of Management of Allianz AG and of the management of the respective subsidiary are also available on the Internet (www.allianz.com/agm) in German. The documents will also be available for inspection at the Annual General Meeting of Allianz AG.

Participation in the Annual General Meeting

Shareholders may participate in the Annual General Meeting and exercise their voting rights – personally or by proxy – if their respective shares are registered in the share register and if they provided notice of their participation to the Board of Management of the Company up until Wednesday, 4 July 2001, either in writing to

Allianz AG

Annual General Meeting 2001

c/o ADEUS Aktienregister-Service-GmbH

D-60206 Frankfurt

Germany

or according to the procedure provided by the Company on the Internet. The participation and voting rights shall be determined on the basis of the shares registered in the share register on 4 July 2001. The persons entitled to participate will be provided with admission tickets.

As a special service, we offer to all our shareholders the option to vote by proxy at the Annual General Meeting through a representative named by the Company. This representative may be authorised in writing through the form sent to the shareholders or according to the procedure provided by the Company on the Internet. The representative will vote solely on the basis of the instructions received from the shareholder.

Shareholders wishing to use the Internet to order admission tickets or appoint a proxy named by the Company (www.allianz.com/online-registration), will need their shareholder number and the appropriate online password for the Annual General Meeting (HOP). This and other information will be mailed, by ordinary mail, to all shareholders who are registered in the share register.

Shareholders registered in the share register may also exercise their voting rights through a proxy appointed in writing, e.g. a bank or a shareholders' association. In this case, either the shareholder or the proxy himself must notify the Company of the proxy's participation in the Annual General Meeting in a timely manner.

Banks listed in the share register may exercise voting rights attaching to shares they do not own only if authorised by a shareholder.

Queries and proposals of shareholders regarding the Annual General Meeting should be made exclusively to

Allianz AG
Investor Relations
Königinstrasse 28
D-80802 Munich
Germany
(Fax ++49.89.38 00-38 99)

or via e-mail to

investor.relations@allianz.com

The speech of the Chairman of the Board of Management and the annual report can be downloaded from the Internet (www.allianz.com/agm).

Munich, June 2001

The Board of Management

Board of Management's reports to the Annual General Meeting in connection with items 5, 6, 7 and 9 of the agenda pursuant to Sec. 203 (2) second sentence, Sec. 221 (4) second sentence, Sec. 71 (1) No. 8 in connection with Sec. 186 (4) second sentence, Sec. 186 (3) fourth sentence of the German Stock Corporation Act:

**1. Regarding item 5 of the agenda
(exclusion of subscription rights for Authorised Capital 2001/I)**

The Board of Management and the Supervisory Board have recommended to the Annual General Meeting the creation of an Authorised Capital 2001/I with a nominal total value of up to €300,000,000.

This new Authorised Capital 2001/I shall replace the previous classes of Authorised Capital I to III. The former Authorised Capital III will be used, in whole or in part, within the framework of the combined takeover bid to the shareholders of Dresdner Bank AG to acquire their shares. Therefore, to ensure that the Board of Management remains able to use authorised capital in the future and to issue new shares against contributions in cash or in kind, in particular for the acquisition of majority and minority stakes in companies and to strengthen the Company's equity position, it is necessary to create new authorised capital. Taking this into consideration, the various authorised classes of capital that are now existing or that will be required in the future should be restructured.

The Company intends to continue strengthening its competitiveness by acquiring controlling interests or minority stakes in other companies, thereby enabling the continuous and long-term growth of its earnings and increasing the value of the Allianz share. In order to achieve these goals using, among others, shareholders' equity for financing purposes, it is recommended that the resolution creating the proposed authorised capital be approved. The amount of authorised capital recommended hereby ensures that large acquisition projects can be financed either through payments in cash or delivery of shares. Because of the narrow time frame available to implement a capital increase within the context of an acquisition, it is often not practicable to submit the respective capital increase for the approval of the General Meeting, which meets once a year. Therefore, it is necessary to have sufficient authorised capital available which the Board of Management may utilise on short notice.

The Board of Management shall be authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights when shares are issued against contributions in kind. This authorisation enables the Board of Management to deliver shares of the Company without having to resort to the stock exchange in connection with acquisitions of controlling interests or minority stakes in companies or other acquisition-related transactions. Allianz AG is currently facing tough competition and must therefore be in a position to respond quickly and flexibly to the changes in the market for the benefit of its shareholders. This response involves the acquisition of majority or minority stakes in companies as appropriate to improve Allianz's competitive position. Nowadays, the size of the potential acquisition targets is increasing and often the amounts to be paid in consideration are very high. Often the most advantageous financing structures for these acquisitions do not involve only payments in cash. Furthermore, the seller often prefers to receive shares of the acquiring company as consideration because this form of payment may be more favourable to him. The ability to offer shares as acquisition currency therefore constitutes a clear advantage in the competition for attractive acquisition targets. The recommended authorisation enables the Company to respond with speed and flexibility to upcoming acquisition opportunities and, when appropriate, to deliver shares issued through a capital increase as payment for an acquisition.

The Board of Management should also be authorised to deliver shares of the Company instead of cash to satisfy cash claims when they arise from the acquisition of majority or minority interests in companies. Thus, the Company would have the flexibility to deliver shares as consideration in acquisitions even when the original payment obligation was intended to be discharged with cash.

The Board of Management should also be authorised, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights when shares are issued against contributions in kind to meet the obligations arising from convertible bonds or bonds with warrants. This authorisation enables the Company to use convertible bonds or bonds with warrants as acquisition currency for the acquisition of majority or minority stakes in companies and therefore improves its competitive position for the acquisition of attractive targets.

The Board of Management should be further authorised, as provided by Sec. 203 (2) and the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of a capital increase against contributions in cash when the issue price is not substantially lower than the market price. This authorisation, however, shall apply only to the extent that the number of shares issued without subscription rights does not exceed 10 % of the share capital existing neither at the time when this authorisation becomes effective nor at the time when this authorisation is exercised. This authorisation enables the Company to take advantage, in a flexible and expedient manner, of market opportunities in the various fields of its activities and to meet capital demands on short notice when necessary. By excluding subscription rights, the Board of Management is given the ability to quickly respond and to place the shares at a price close to the market price, i.e. without the discounts necessary when an issuance includes subscription rights. As a result, the proceeds for the Company may be higher. Furthermore, new investor groups may be attracted by such placement.

Pursuant to this authorisation, the Board of Management will determine the discount (which shall be as low as possible) in light of the market conditions existing at the time of the placement. When the authorised capital is issued, the price after the discount shall in no case be lower than the then current market price by more than 5 %. Furthermore, the number of shares issued without subscription rights may not exceed 10% of the existing share capital, neither at the time when the authorisation becomes effective nor at the time when the authorisation is exercised. These requirements ensure compliance with the legal provisions governing shareholders' dilution protection. Each shareholder has, in principle, the opportunity to acquire via the stock exchange the shares necessary to avoid dilution under roughly similar conditions, given that the issue price of the new shares is close to the market price and the size of the placement is restricted. Hence, it is ensured that the shareholders' economic and voting rights are adequately protected when subscription rights are excluded from authorised capital in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act, while granting flexibility to the Company for the benefit of its shareholders.

In addition, the authorisation described above shall apply only to the extent that the shares issued without subscription rights as provided by the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act do not exceed 10% of the existing share capital, neither at the time when the authorisation becomes effective nor at the time when the authorisation is exercised. This 10% limitation shall be offset by the sale of treasury shares, to the extent that this sale is made pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. Furthermore, this 10% limitation shall also be offset by the number of shares necessary to meet the obligations arising from bonds carrying conversion and/or other option rights, to the extent that these bonds have been issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

The Board of Management will carefully analyse in each case whether it will exclude shareholders' subscription rights when it increases the capital pursuant to this authorisation. This option should only be used if, following the assessment of the Board of Management and the Supervisory Board, it is deemed to be in the best interests of the Company and, therefore, of its shareholders.

Thereafter, the Board of Management will report on the use of the authorised capital on each General Meeting.

If the Board of Management does not exclude subscription rights pursuant to the above-mentioned authorisation, it may nevertheless exclude shareholders' subscription rights from fractional amounts, upon the approval of the Supervisory Board, when such fractional amounts cannot be distributed equally among all shareholders as a result of the subscription ratio.

2. Regarding item 6 of the agenda (exclusion of subscription rights for Authorised Capital 2001/II)

The requested authorisation enables the Company to offer to the employees of Allianz AG and its group companies shares at preferential conditions without having to purchase those shares on the stock exchange. Under the German Stock Corporation Act, shares required for this purpose may be issued from authorised capital. The Authorised Capital IV (Sec. 2 (6) of the Articles of Association) – created in 1997 for this purpose – has been used up except for a remaining amount of € 1,240,721.77. Because employees from foreign group companies are now included in the employee share program (beginning as of 2000) and the number of employees included in the scheme may considerably increase as a result of the envisaged take-over of the Dresdner Bank Gruppe, it has become necessary to enlarge this authorisation. The size of this authorisation has been determined by taking into account the number of employees entitled to participate, the expected subscription results and the duration of the authorisation. To offer shares from authorised capital to employees, it is necessary to exclude shareholders' subscription rights. Employee shares that are not subscribed will be sold through the stock exchange. Because the dates and number of shares that will be issued out of this authorised capital have not yet been determined, it is currently not possible to forecast their issue price. Shares sold to employees may be offered with customary discounts. Furthermore, the Board of Management may exclude fractional amounts from shareholders' subscription rights, upon the approval of the Supervisory Board, to facilitate the implementation of this capital increase.

3. Regarding item 7 of the agenda (exclusion of subscription rights when issuing convertible bonds and bonds with warrants)

The Annual General Meeting under item 8 of the agenda authorised the Board of Management on July 8 1998 to issue bonds with conversion or option rights on registered shares of the Company on one or more occasions until 30 June 2003, upon the approval of the Supervisory Board. The total nominal value of the bonds issued under this authorisation is limited to DM 3 billion and the total nominal value of the registered shares necessary to meet the obligations arising from conversion and option rights may not exceed € 10,240,000. The Board

of Management is also authorised to exclude subscription rights upon the approval of the Supervisory Board.

Given that the aforementioned – thus far unused – authorisation will expire on 30 June 2003 and also that it is desirable that it be extended to issue bonds with conversion and/or option rights, it has been proposed to replace this authorisation with a new authorisation to issue convertible bonds and/or bonds with warrants. Thus, convertible bonds and/or bonds with warrants may be issued up to a nominal value of € 5 billion, with a maturity of up to twenty years and with conversion and/or option rights on shares of the Company with a proportionate share in the share capital of up to € 50,000,000.

Bonds may also be issued against contributions in kind, to the extent that the value of the contributions in kind corresponds to the offer price of the bond and that such price is not substantially lower than the theoretical market value of the bonds calculated on the basis of recognised financial principles.

The issuance of bonds with conversion and/or option rights on shares of Allianz AG provides an attractive way of raising capital. Exercised conversion privileges and option premiums benefit the Company. The possibility of issuing mandatory convertible bonds, in addition to bonds carrying conversion and/or option rights, provides additional flexibility in the design of this financial instrument. This authorisation ensures that the Company has the flexibility to issue the bonds by itself or through its subsidiaries. Bonds may be issued in euro or the legal currency of any OECD country.

The possibility of also issuing bonds with conversion and/or option rights against contributions in kind further extends the flexibility of this financial instrument as they may be used as acquisition currency especially in the case of mergers and of acquisitions of majority or minority stakes in companies.

The shareholders shall, as a rule, be granted subscription rights.

When bonds with conversion or option rights are issued against contributions in kind, the Board of Management is authorised to exclude,

upon the approval of the Supervisory Board, shareholders' subscription rights. In particular, where bonds with conversion or option rights are used as acquisition currency, it is generally necessary to exclude subscription rights. The use of convertible bonds or bonds with warrants allows for the acquisition of majority and minority stakes in companies without having to provide consideration in cash. The Company intends, as stated above in the report regarding item 5 of the agenda, to continue strengthening its competitiveness by purchasing majority and minority stakes in companies, thereby enabling the continuous and long-term growth of its earnings. Often, the consideration demanded for such acquisitions is very high. Particularly when evaluating optimum financing structures, it may be determined that this consideration should not or may not be made in cash. Furthermore, the seller often demands other forms of payment. The delivery of bonds with conversion and/or option rights as consideration instead of or in combination with shares or cash may be an attractive alternative. Such a possibility creates additional flexibility and strengthens our position in the competition for attractive acquisition targets. The Board of Management carefully assesses in each case whether it will issue bonds with conversion and/or option rights against contributions in kind while excluding shareholders' subscription rights and will only use this option when it is deemed to be in the best interest of the Company and, therefore, of its shareholders.

The Board of Management should be further authorised to exclude subscription rights, upon approval of the Supervisory Board, when issuing bonds with conversion and option rights for cash in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act if the number of shares necessary to meet the obligations arising from the conversion and/or option rights does not exceed 10% of the share capital of the Company. This 10% limitation shall be offset by the issuance of new shares for cash and by the sale of treasury shares for cash, to the extent that they are made pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation.

By excluding subscription rights, the Company is given the flexibility to take advantage of favourable market conditions and, when necessary, to resort to the capital markets on short notice. Exercised conversion and option premiums benefit the Company, whereas the subscription rights attached to convertible bonds and bonds with warrants are not so attractive given the high volatility of the Allianz share price, as the offer price needs to be fixed at a very early stage to adhere to the subscription period.

Whenever subscription rights are excluded either pursuant to the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act or in the event of shares issued against contributions in kind, the Board of Management must obtain an expert opinion from an independent reputable investment bank or auditing company. This opinion must confirm that the issue price is not substantially below the market value of the bond to ensure that shareholders are protected from dilution. Thus, the exclusion of subscription rights does not result in any economic disadvantage for the shareholders and their financial interests are adequately protected. Furthermore, the shareholders have the opportunity to acquire under similar conditions via the stock exchange the number of shares necessary to avoid dilution.

The Board of Management shall be further authorised to exclude fractional amounts from subscription rights, upon the approval of the Supervisory Board, when such fractional amounts cannot be distributed equally among all shareholders as a result of the subscription ratio and in order to facilitate the implementation of this capital increase.

Furthermore, the Board of Management should have the opportunity to exclude subscription rights, upon the approval of the Supervisory Board, to grant holders of bonds carrying conversion and/or option rights or of mandatory convertible bonds the same subscription rights they would be entitled to if they had exercised their conversion or option rights or if the mandatory conversion had taken place. This authorisation enables the Company to prevent the reduction of the option and/or conversion price according to the applicable option and conversion conditions.

In order to maximise the Company's flexibility, the bond terms and conditions may entitle the Company to discharge its payment obligations arising from convertible bonds or option rights with cash payments instead of with the delivery of shares. The terms and conditions may also allow the Company to discharge its payment obligations arising from bonds with conversion and/or option rights with cash payments. The amount of these payments will be determined based on the average closing price of an Allianz share in Xetra (or any succeeding system) on at least two consecutive trading days during a period of ten trading days before and ten days after the conversion notice or option-exercise notification. The terms and conditions may also allow for variations on the number of shares (or the related conversion ratio) to be delivered upon exercise of conversion or option rights or upon mandatory conversion and on the conversion/strike price within a range determined by the Board of Management depending upon the performance of the share price or as a result of a dilution protection clause.

The conversion and/or strike price to be fixed with respect to a share shall (also in the case of variable conversion ratios or a variable conversion or strike price) not fall below 80% of the average closing price of an Allianz share in Xetra (or any succeeding system) during a period of ten trading days before the Board of Management resolves to issue the convertible bonds or bonds with warrants or shall be at least equivalent to 80% of the average closing price of an Allianz share in Xetra (or any succeeding system) on the days the subscription rights are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days during which the subscription rights are traded.

The proposed conditional capital provides for the necessary shares to meet the obligations arising from the conversion and/or option rights of convertible bonds or bonds with warrants or the mandatory conversion related, to the extent such shares are issued against consideration in cash. Treasury shares can also be used to discharge these obligations.

The obligations arising from bonds carrying conversion and/or option rights that are issued against contributions in kind may not be discharged with shares issued under the proposed conditional capital.

To discharge these payment obligations, delivery of treasury shares or a capital increase against contributions in kind is necessary. Authorised Capital 2001/I is available for such increases against contributions in kind. Claims arising from bonds may constitute contributions in kind for this purpose. It is necessary, however, to confirm through an audit that the value of this contribution matches the issue price. This process should be further described in the respective bond's terms and conditions.

4. **Regarding item 9 of the agenda (exclusion of subscription rights on the sale of own shares)**

At prior Annual General Meetings, Allianz AG passed authorising resolutions, the last of which will expire on 31 December 2001, regarding the repurchase of its own shares and their subsequent sale. This authorisation should therefore be renewed and at the same time expanded as to the type of purchase and the possible use of the repurchased shares.

Item 9 proposes authorising the repurchase of the Company's own shares up to 10% of the current share capital either by the Company or by other companies controlled by the Company or for their account or by third parties acting on the account of the Company, in the period up to 31 December 2002.

The authorisation also contemplates the possibility of allowing other forms of purchase or sale than through the stock exchange, as provided by Sec. 71 (1) No.8 of the German Stock Corporation Act.

In addition to making purchases via the stock exchange, the Company should also be given the opportunity to acquire own shares via a tender offer to its shareholders (tender procedure) or to acquire them by making a public invitation to make such a tender, while observing the principle of equal treatment stipulated in the German Stock Corporation Act. In this case, the addressees of the tender may decide how many shares they wish to offer and at what price (if a range has been fixed). If the number of shares offered exceeds the number of shares demanded by the Company at a fixed price, the shares shall be repurchased on a pro-rata basis. It should, however, be possible to grant preferential treatment to odd lots of up to 100 shares per shareholder

to prevent fractional amounts for the determination of quotas to be acquired and smaller fractional remainders, thus facilitating the offer's implementation.

The Company should also be given the opportunity to offer as consideration shares that have been admitted to official trading or to a regulated market at a domestic stock exchange (including the Neuer Markt) or to a regulated market within the meaning of Sec. 1 No. 13 of the Council Directive 93/22/EEC of 10 May 1993 on investment services in the securities field (OJEC No. L 141 page 27) in another country of the European Economic Area. This possibility provides more flexibility to the Company than it would have if only purchases against cash were possible. At the same time, the Company is given the opportunity to dispose of some of its holdings. This option allows shareholders to exchange their Allianz shares for shares on some of the Company's holdings in whole or in part. A specific swap ratio may be stipulated or determined by way of an auction. Consideration in cash may supplement the delivery of swap shares or may be used to settle fractional amounts. Irrespective of the swap formula used, the swap price per share (exclusive of incidental costs), including the number of swap shares (or fractions) delivered plus any additional cash, may not be more than 20% higher or lower than value of an Allianz share. The value of the shares of Allianz AG and of the swap shares shall be calculated based on the relevant closing price in Xetra (or, if trading is not carried out via the Xetra system, in the most similar trading system available in the relevant market segment) on the third trading day prior to the public announcement of the swap offer. If, during the auction procedure, substantial price deviations become apparent, the prices on the third trading day prior to the public announcement of an adjustment may be used. The swap offer may stipulate additional conditions.

Treasury shares acquired within the scope of this authorisation may be used for any lawful purpose, including the following:

Sales of treasury shares may exclude shareholders' subscription rights when such shares are sold against contributions in kind. The Company may, as a result, be able to offer treasury shares as consideration in a merger transaction or for the acquisition of a majority or minority stake in a company. This type of consideration is increasingly demanded for

such transactions. The proposed authorisation gives the Company the necessary flexibility to take advantage of market opportunities in the acquisition of majority or minority stakes in companies, either in domestic or in international markets. The proposed exclusion of subscription rights acknowledges this situation. When determining the valuation ratios, the Board of Management will ensure adequate protection of the interests of the shareholders. Generally, when determining the value of the shares to be offered, the Board of Management will be guided by the market value of the Allianz share. A schematic link to a market price is not envisaged, particularly in order not to call into question previously negotiated results based on market price fluctuations. Allianz AG will also have available the Authorised Capital 2001/I for the acquisition of majority or minority stakes in companies. The decision regarding the source of the shares used for the financing of such transactions is to be made by the Board of Management, which will be solely guided by the interests of the shareholders and the Company.

The proposed resolution also contains the authorisation to sell treasury shares outside the stock exchange against consideration in cash, while excluding subscription rights. To do so, the shares must be sold against consideration in cash at a price that is, at the time of the sale, not substantially below the market price of the shares of the Company carrying the same features. The authorisation is supported by Sec. 71 (1) No. 8 of the German Stock Corporation Act, which allows the exclusion of subscription rights, in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act. The shareholders' dilution concerns are addressed by the provision that allows the shares to be sold only at a price that is not substantially below the prevailing market price. The selling price for the Company's treasury shares will be determined shortly before the shares are sold. The Board of Management will endeavour to keep any discount as low as possible, giving due consideration to current market circumstances prevailing at the time of the issue. The discount on the market price will in no case exceed 5% of the current market price applicable at the time when the authorisation is used. This authorisation, however, shall only apply if the total number of shares issued under the exclusion of subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act does not exceed 10% of the

share capital, neither at the time when the authorisation becomes effective nor when it is exercised. This 10 % limitation shall be offset by any such shares which are issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. Furthermore, this 10% limitation shall also be offset by the number of shares necessary to meet obligations arising from bonds carrying conversion and/or other option rights, to the extent that these bonds have been issued pursuant to an authorisation that excludes subscription rights in a manner consistent with the fourth sentence of Sec. 186 (3) of the German Stock Corporation Act and that is either applicable at the time when this authorisation becomes effective or that is replaced by a subsequent authorisation. These limitations, and the fact that the offer price must be guided by the market price, adequately safeguard the economic and voting rights interests of the shareholders. Furthermore, the shareholders have, in principle, the possibility to prevent the dilution of their interest in the Company by purchasing Allianz shares via the stock exchange. This authorisation is in the interest of the Company because it provides it with more flexibility. An offering targeted to co-operation partners or financial investors in particular becomes possible.

The authorisation also allows for the listing of shares in foreign stock markets where the Company is not listed yet. Allianz AG faces tough competition on the international financial markets. To be in a position to raise equity capital on the markets at reasonable conditions at any time is of great importance to the future development of the business. Introducing the Allianz share into foreign stock exchanges serves this purpose, because it widens the shareholders' base abroad and enhances the share's attractiveness as an investment. The price at which the shares are to be initially offered at other stock exchanges may not be more than 5% below the closing price in Xetra (or a comparable succeeding system) on the last trading day prior to the introduction (without incidental costs).

Furthermore, the authorisation allows (cf. item 7 of the agenda) the issuance of bonds with conversion or option rights against contribu-

tions in cash or in kind. To satisfy the share delivery obligation arising from such bonds, it may be possible to deliver treasury shares instead of, or in combination with, a capital increase. The authorisation also provides for this possibility.

Finally, the authorisation allows for the possibility of partial exclusion of shareholders' subscription rights in the case of a sale of shares by offering them to all shareholders for the benefit of holders of bonds with option or conversion rights. This offers the possibility to grant holders of already existing option and/or conversion rights a subscription right instead of a reduction of the option and/or conversion price in order to adequately protect them from dilution.

The aforementioned cases do not constitute the only uses of shares which have been acquired on the basis of this authorisation. The authorisation also covers shares acquired on the basis of authorisations granted by prior General Meetings according to Sec. 71 (1) No. 8 of the German Stock Corporation Act, and shares acquired according to the fifth sentence of Sec. 71 d of the German Stock Corporation Act. This proposal is beneficial and creates further flexibility, enabling the use of these treasury shares in the same way as the ones acquired on the basis of this authorisation resolution.

The treasury shares acquired on the basis of this authorisation and earlier authorisations may be cancelled by the Company without a new resolution of the General Meeting being necessary.

The Board of Management will inform the next Annual General Meeting of the use of this authorisation.

Munich, June 2001

The Board of Management

Notifications according to Sec. 128 (2) of the German Stock Corporation Act

On the Supervisory Board of Allianz AG, there is a Member of the Board of Management from the following bank:

Bayerische Hypo- and Vereinsbank AG

Members of the Board of Management of Allianz AG are also members of the Supervisory Boards of Management of the following banks:

Allianz Vermögensbank AG (group mandate)

ConSors Discount-Broker AG

Deutsche Hypothekenbank Frankfurt-Hamburg AG

Dresdner Bank AG

Dresdner Bank Lateinamerika AG

IKB Deutsche Industriebank AG

Rasbank S.p.A. (group mandate)

Banks in which Allianz AG holds a participation liable to notification pursuant to Sec. 21 of the German Securities Trading Act:

Deutsche Bank AG

Dresdner Bank AG

Bayerische Hypo- and Vereinsbank AG

Banks which were a member of the consortium having implemented the latest issue of securities of Allianz AG within the last five years:

Bayerische Hypo- and Vereinsbank AG

Citibank AG/Citibank International plc

Deutsche Bank AG

Dresdner Bank AG

UBS AG

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