

Ladies and Gentlemen,

In the course of the year 2002, the members of the Supervisory Board dealt in depth with the situation of the company against the background of a difficult economic environment. We advised the Board of Management with respect to the management of the company, oversaw its conduct of business and were directly involved in decisions of fundamental importance.

The Supervisory Board held five meetings during the reporting period. Between meetings, the Board of Management informed us in writing on important matters. In addition, the Chairman of the Supervisory Board was kept up to date on major developments and decisions.

The Board of Management regularly provided us with timely, detailed information on matters involving strategy, corporate planning and business developments as well as on the economic situation of the Group, including its risk exposure and risk management. We discussed deviations from plans and targets.

Development and integration of Dresdner Bank The performance of Dresdner Bank and its integration into the Allianz Group was one of our key concerns. The Board of Management had included these issues in its agenda of urgent priorities for fiscal 2002.

We devoted special attention to the precarious earnings situation of Dresdner Bank and received special reports on developments in the recent past as well as on the “Corporates & Markets” division. In order to increase the earning power of Dresdner Bank, management has adopted a series of far-reaching cost reduction measures, which have already started to produce positive effects. We will monitor the progress of Dresdner Bank’s “Turnaround 2003” program very attentively to ensure rigorous implementation. This program is expected to contribute significantly to a return to profitability.

The members of the Supervisory Board regularly had occasion to form an impression as to the current status of integration measures. At various meetings, we were also able to ascertain that the process of integration is proceeding on schedule. Among other things, we received reports on the status of asset management activities regrouped under the roof of Allianz Dresdner Asset Management GmbH, and we were briefed on the progress of the merger of the building and loan associations of the two companies.

Other topics of discussion At our meetings, the Board of Management informed us on the development of Group revenues and earnings, the performance of the business segments and the overall financial situation. Positive performance in the insurance area, especially with respect to life and healthcare insurance, was overshadowed by substantial charges. In particular, the dramatic deterioration of prices on the equity markets and major sources of claims such as the severe flooding in central Europe had a negative impact on the business. We dealt in depth with cases of insolvency on the part of non-affiliated companies that affect the Group’s credit and investment portfolios or the credit and surety insurance activities.

The terrorist attack of September 11, 2001, which resulted in a net payout in the amount of approximately 1.5 billion euros for the Allianz Group alone, provided an occasion to address the feasibility of insuring such risks in the future. In this context, we discussed the creation of a special insurance company for terrorist risks located in Luxembourg, which is jointly owned by Allianz and other internationally active direct insurers and reinsurers. In Germany, Allianz also holds an interest in Extremus Versicherungs-AG, which was created with the support of the Federal Government.

The Supervisory Board received a general presentation on the subject of changes in company retirement plans, which, among other things, included the introduction of pension funds as a new insurance model in this area. This opens up very interesting business potential for Allianz.

We received an overview of the Mondial Assistance Group, which handles the travel insurance and assistance services activities of the Allianz Group. In addition, we approved the Board of Management’s decision to relaunch the stock purchase plan for employees of the Allianz Group in 2002. This plan was made available to employees in 24 countries.



Corporate Governance and Declaration of Compliance The German Corporate Governance Code sets standards for proper and responsible corporate management and supervision. The majority of the recommendations contained in the code were already part of everyday practice for Allianz before the code went into effect. The Supervisory Board has formed a work group to deal with the implementation of recommendations covering the activities of the Supervisory Board. The Standing Committee and the board itself regularly received reports on the work of this group. At the meeting of the Supervisory Board held on September 18, 2002, we recognized the principles embodied in the recommendations of the German Corporate Governance Code. We then revised our procedural rules to incorporate the recommendations. In this context, we formed an Audit Committee, the members of which are Dr. Klaus Liesen (Chairman), Dr. Diethart Breipohl, Dr. Gerhard Cromme, Prof. Dr. Rudolf Hickel and Horst Meyer. We discussed in depth the ramifications of the new U.S. corporate governance legislation

(Sarbanes-Oxley Act) for the Allianz Group. Finally, the reporting obligations of the Board of Management vis-à-vis the Supervisory Board were specified.

The Board of Management and the Supervisory Board signed the first Declaration of Compliance with the German Corporate Governance Code on December 17 and December 18, 2002 respectively. This statement confirms that Allianz Aktiengesellschaft complies with all recommendations contained in the code. More detailed information on corporate governance within the Allianz Group can be found on pages 8 to 11 of the present Annual Report as well as on the Internet at www.allianzgroup.com/corporate-governance.

Activities of the committees The members of the Supervisory Board formed a Standing Committee, a Personnel Committee and an Audit Committee as well as a Mediation Committee as called for by the German Codetermination Act. These committees do preliminary work on topics to be dealt with by the Supervisory Board as a whole to provide the board with decision-making information. In certain cases, the Supervisory Board has also given these committees decision-making authority. The names of the current members of the various committees can be found in the table to the left.

At its four meetings held in the course of the year, the Standing Committee addressed primarily corporate governance issues and the commissioning of the independent auditors to audit the financial statements. The Personnel Committee, which deals with matters involving the compensation and benefits of members of the Board of Management, met six times. There was no need for the Mediation Committee to convene.

The Audit Committee was created in September 2002. This committee provides the Supervisory Board with the information required to adopt the annual accounts, approve

the consolidated financial statements and appoint the independent auditors. In addition, this committee audits the quarterly interim reports and the independence of the auditors. And, finally, it will in the future commission the independent auditors and determine the priorities of the audit. The newly created Audit Committee met once in the course of 2002. At this meeting, the committee adopted its procedural rules and dealt primarily with the interim report for third-quarter 2002. Following the end of fiscal 2002, the committee worked on the documents for the annual financial statements of the parent company and the group, examined the risk monitoring system and discussed the auditors' report with the auditors.

Annual accounts and consolidated financial statements KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, audited the financial statements of Allianz AG and the Allianz Group as well as the respective

Committees of the Supervisory Board of Allianz AG

CHAIRMAN OF THE SUPERVISORY BOARD

Dr. Klaus Liesen

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

Frank Ley

Dr. Bernd W. Voss

AUDIT COMMITTEE

Dr. Klaus Liesen

Dr. Diethart Breipohl

Dr. Gerhard Cromme

Prof. Dr. Rudolf Hickel

Horst Meyer

PERSONNEL COMMITTEE

Dr. Klaus Liesen

Frank Ley

Dr. Bernd W. Voss

STANDING COMMITTEE

Dr. Klaus Liesen

Frank Ley

Dr. Bernd W. Voss

Dr. Manfred Schneider

Norbert Blix

MEDIATION COMMITTEE

Dr. Klaus Liesen

Frank Ley

Dr. Gerhard Cromme

Prof. Dr. Rudolf Hickel

management reports and issued their certification without any reservations. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The independent auditors have confirmed that the consolidated financial statements and the management report meet the conditions required to exempt the company from its obligation to prepare consolidated financial statements in accordance with German law.

The financial statements and the auditor's reports submitted by KPMG were made available to all members of the Supervisory Board in due time. These documents were discussed in depth by the Audit Committee on March 17, 2003, as well as by the Supervisory Board at a meeting held for this purpose on March 19, 2003. The independent auditors participated in these discussions. They presented the results of the audits and were available to provide supplementary information.

On the basis of our own review of the financial statements of Allianz AG and the Allianz Group and the corresponding reports of management, we concurred with the findings of the audit by KPMG and approved the financial statements of Allianz AG and the Allianz Group prepared by the Board of Management. The Supervisory Board hereby adopts the individual accounts. We consent to the appropriation of earnings as proposed by the Board of Management.

Members of the Supervisory Board and the Board of Management The Annual General Meeting of June 12, 2002, appointed Dr. Gerhard Cromme and Dr. Bernd W. Voss to the Supervisory Board as representatives of the shareholders. Dr. Cromme had already been appointed by the courts to succeed Dr. Karl-Hermann Baumann on the Supervisory Board. Dr. Voss succeeded Dr. Alfons Titzrath, who resigned from the Supervisory Board before the end of his term, as did Dr. Albrecht Schmidt. Dr. Uwe Haasen, who was appointed as replacement member, has become a full member of the Supervisory Board.

We have expressed our appreciation to the former members of the Supervisory Board members for their valuable contribution to our work.

The period of office of the present Supervisory Board will end as of the Annual General Meeting on April 29, 2003.

It was with regret that we learned of Dr. Henning Schulte-Noelle's decision to resign from the Board of Management and his chairmanship with effect as of the end of the Annual General Meeting on April 29, 2003. Dr. Schulte-Noelle headed our company for more than 11 years and during that time maintained a record of outstanding achievement. We have expressed our appreciation to Dr. Schulte-Noelle for his successful performance and his trust and cooperation. We propose the upcoming Annual General Meeting elect Dr. Schulte-Noelle to the Supervisory Board.

We appointed Michael Diekmann to succeed Dr. Schulte-Noelle as Chairman of the Board of Management with effect as of the end of the Annual General Meeting of April 29, 2003. Mr. Diekmann has been a member of the Board of Management since 1998 and was last in charge of "Americas/Group Human Resources". Mr. Diekmann has in the past distinguished himself through outstanding performance in all positions he has held. We are convinced that under the chairmanship of Mr. Diekmann the Board of Management will continue to function as a well-coordinated, effective team after the departure of Dr. Schulte-Noelle and will in every way be capable of mastering present and future challenges.

In connection with his intended departure from the Board of Management of Dresdner Bank, Professor Dr. Bernd Fahrholz has asked us to release him prematurely from his mandate on the Allianz Board of Management; the Supervisory Board has acceded to his request. Previously, we had already approved the request of Mr. Leonhard H. Fischer to end his mandate as member of the Board of Management before its expiration. We have expressed our gratitude to Professor Dr. Fahrholz and to Mr. Fischer for their dedicated work in a difficult market context.

The Supervisory Board has appointed Dr. Herbert Walter as member of the Board of Management with immediate effect. As successor of Professor Dr. Fahrholz he will head the "Allianz Dresdner Banking" division. Another new appointment to the Board of Management is Mr. Jan R. Carendi who will assume responsibility for the North and South America region effective as of May 1, 2003.

In our capacity as members of the Supervisory Board, we would like to take this opportunity to thank all employees of our Group companies for their contribution in the course of the year under review.

Munich, March 19, 2003

For the Supervisory Board



Dr. Klaus Liesen
Chairman

Supervisory Board

- DR. KLAUS LIESEN** Chairman of the Supervisory Board E.ON AG
Chairman
- FRANK LEY** Employee, Allianz Lebensversicherungs-AG
Deputy Chairman
- DR. BERND W. VOSS** Member of the Supervisory Board Dresdner Bank AG
Deputy Chairman, since June 13, 2002
- NORBERT BLIX** Employee, Allianz Versicherungs-AG
- DR. DIETHART BREIPOHL** Former member of the Board of Management Allianz AG
- BERTRAND COLLOMB** Président Directeur Général Lafarge
- DR. GERHARD CROMME** Chairman of the Supervisory Board ThyssenKrupp AG
- JÜRGEN DORMANN** Chairman of the Supervisory Board Aventis S. A.
- HINRICH FEDDERSEN** Member of the Federal Steering Committee ver.di – Vereinte Dienstleistungsgewerkschaft
- DR. UWE HAASEN** Former member of the Board of Management Allianz AG
since June, 13 2002
- PETER HAIMERL** Employee, Dresdner Bank AG
- PROFESSOR DR. RUDOLF HICKEL** Professor of finance
- HORST MEYER** Employee, Hermes Kreditversicherungs-AG
- UWE PLUCINSKI** Employee, Dresdner Bank AG
- REINHOLD POHL** Employee, Allianz Immobilien GmbH
- ROSWITHA SCHIEMANN** Branch Manager, Allianz Versicherungs-AG
- DR. ALBRECHT SCHMIDT** Chairman of the Supervisory Board Bayerische Hypo- und Vereinsbank AG
until June 12, 2002
- DR. MANFRED SCHNEIDER** Chairman of the Supervisory Board Bayer AG
- DR. HERMANN SCHOLL** Managing Director Robert Bosch GmbH
- JÜRGEN E. SCHREMPF** Chairman of the Board of Management DaimlerChrysler AG
- JÖRG THAU** Employee, Allianz Private Krankenversicherungs-AG
- DR. ALFONS TITZRATH** Former member of the Supervisory Board Dresdner Bank AG
until June 12, 2002

Board of Management

- DR. HENNING SCHULTE-NOELLE**
Chairman of the Board of Management
- DR. PAUL ACHLEITNER**
Group Finance
- DETLEV BREMKAMP**
Europe II
- JAN R. CARENDI**
Americas
since May 1, 2003
- MICHAEL DIEKMANN**
Americas, Group Human Resources
- DR. JOACHIM FABER**
Allianz Dresdner Asset Management
- DR. BERND FAHRHOLZ**
Allianz Dresdner Banking
until March 25, 2003
- LEONHARD H. FISCHER**
Dresdner Corporates & Markets
until October 31, 2002
- DR. REINER HAGEMANN**
Europe I
Director responsible for Labour Relations
- DR. HORST MÜLLER**
Group Financial Risk Management
- DR. HELMUT PERLET**
Group Controlling, Accounting,
Taxes, Compliance
- DR. GERHARD RUPPRECHT**
Group Information Technology,
Life Insurance Germany
- DR. HERBERT WALTER**
Allianz Dresdner Banking
since March 19, 2003
- DR. WERNER ZEDELIOUS**
Growth Markets