

Ladies and Gentlemen,

In the course of 2003, the members of the Supervisory Board dealt in depth with the situation of the company, against the background of a continuing 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 four 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, comprehensive information on the economic and financial development of the Allianz Group, including the risk situation, important business transactions and corporate strategy. We discussed in detail the company planning for the year 2004 and asked for explanations of the deviations in the course of business from the stated plans and objectives.

Improvement of the operating result and strengthening of the capital base Our deliberations were centered on the measures taken by the Board of Management to improve operating profitability.

In all meetings, the Board of Management informed us about the development of the Group's revenues and earnings, developments in the individual business segments and the financial situation. We were able to ascertain that operations were improved in all business areas, in some cases significantly.

In several meetings, the Group's capital resources were discussed. In April 2003, we approved the capital increase with subscription rights for the shareholders. In a difficult market context, this increase was successfully completed with proceeds of 4.4 billion euros, thereby strengthening the company's equity base and securing the Group's high rating.

To reduce the dependency of the company's shareholders' equity and earnings on fluctuations in the capital markets, the Board of Management substantially reduced the share of equity investments. Among others, this was done through a significant reduction of the shareholdings in Münchener Rückversicherungs-Gesellschaft AG (Munich Re) and Beiersdorf AG. The Supervisory Board considers these measures to be appropriate.

Successful restructuring efforts In two special reports, we were given detailed information about the progress in the implementation of the turnaround program at Dresdner Bank. We noted that important intermediary objectives towards restoring the profitability of the bank had already been achieved. We were also able to ascertain that the integration of the bank into the Allianz Group has made good progress. In this context, we were informed of the merger of the IT service activities of Allianz and Dresdner Bank, which are now combined in AGIS Allianz Dresdner Informationssysteme GmbH.

The previously launched program to improve the business performance of the French AGF Group was also pursued with increasing intensity. We will closely monitor its further progress.

In addition, the ongoing success of the restructuring of the Group's U.S. company Fireman's Fund was presented to us. The same applies to Allianz Global Risks Rückversicherungs-AG, the company that controls the Group's industrial insurance business.

Other topics of discussion The Board of Management presented its "Three Plus One" program to us, which summarizes the Group's objectives and initiatives through 2005. The program calls for strengthening the capital base of the company, improving its operational profitability, making its structures less complex and bringing about a sustainable increase of its value. To reach the latter objective, the Holding makes growth capital available to its Group companies. One of the essential criteria for allocating capital is a company's ability to make a lasting contribution to the Group's economic value added.

We followed and approved the restructuring of the relations between Allianz and Münchener Rückversicherungs-Gesellschaft (Munich Re). We acknowledged the dismantling of the cross-holdings and the fact that the principles of cooperation, which had applied for decades, were rescinded.

We obtained a status report on the lawsuit filed in connection with the settlement of the World Trade Center loss. We critically examined the effects of the tax bill presented by the German Federal Government on the life insurance business. In addition, we welcomed the Board of Management's decision to relaunch the stock purchase plan for employees of the Allianz Group in 2003. More than 33,000 employees in 22 countries have accepted this offer and acquired a total of about 965,000 Allianz shares at preferential conditions.

Committees of the Supervisory Board of Allianz AG

As of December 31, 2003

CHAIRMAN OF THE SUPERVISORY BOARD

Dr. Henning Schulte-Noelle

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

Norbert Blix

AUDIT COMMITTEE

Dr. Manfred Schneider (Chairman)

Dr. Gerhard Cromme

Prof. Dr. Rudolf Hickel

Frank Ley

Dr. Henning Schulte-Noelle

PERSONNEL COMMITTEE

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Dr. Gerhard Cromme

STANDING COMMITTEE

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Dr. Gerhard Cromme

Peter Haimerl

Dr. Manfred Schneider

MEDIATION COMMITTEE

Dr. Henning Schulte-Noelle (Chairman)

Norbert Blix

Hinrich Feddersen

Prof. Jürgen E. Schrempf

Corporate Governance and Declaration of Compliance We discussed in depth the implementation of the recommendations of the German Corporate Governance Codex and the effects of the U.S. Sarbanes-Oxley Act on the Allianz Group. In December 2003, the Board of Management and the Supervisory Board signed the annual Declaration of Compliance with the German Corporate Governance Codex. This statement confirms that the Allianz Group complies with the recommendations of the code, with two exceptions.

In the December meeting, we examined the efficacy of our work in the absence of the Board of Management. The subjects of our examinations were, in particular, the timely transmission of comprehensive information to the Supervisory Board, its composition and organization, and the flow of information between the committees and the plenary meeting.

More detailed information on corporate governance within the Allianz Group can be found in the report on pages 10 to 13 of the present Annual Report. That report was jointly approved by the Board of Management and the Supervisory Board. Detailed information on this subject is also available at the Allianz website at www.allianzgroup.com/corporate-governance. Information on the measures taken to implement the provisions of the Sarbanes-Oxley Act can also be found at that location.

Activities of the committees The members of the Supervisory Board formed the Audit Committee, the Standing Committee, the Personnel Committee and the Mediation Committee as called for by the German Codetermination Act. The current composition of the committees is shown on the accompanying list.

At its four meetings held in the course of the year, the Standing Committee primarily addressed the capital increase with shareholder subscription rights as well as questions of corporate governance. The Personnel Committee also convened four times.

It dealt with personnel matters of the members of the Board of

Management and the structure and amount of the remuneration of the Board of Management, as well as the determination of the variable and stock-related remuneration components. There was no need for the Mediation Committee to convene.

The Audit Committee held five meetings in the course of 2003. In the presence of the auditors, it discussed the annual financial statements of Allianz AG and of the Group, the audit reports and the 20-F filing required in the U.S.A. It also examined the quarterly reports and dealt with the assignment of the mandate to the Auditor and setting prior-

ities for the Audit. Other subjects of the deliberations of the Audit Committee were ascertaining the independence of the Auditor and the implementation of further dispositions of the Sarbanes-Oxley Act. The Supervisory Committee appointed the chairman of the Audit Committee, Dr. Manfred Schneider, as Audit Committee Financial Expert in accordance with the purpose of this law.

The Supervisory Board was regularly informed about the work of the Committees.

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 management reports and issued their certification without any reservations. The consolidated 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 5, 2004, as well as by the Supervisory Board at a meeting held for this purpose on March 17, 2004. 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, the corresponding management reports and the recommendation for appropriation of profit, 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 five-year mandate of the members of the Supervisory Board elected in 1998 ended with the General Meeting on April 29, 2003. A new Supervisory Board was elected for the term of office from 2003 to 2008. For reasons of age, Dr. Klaus Liesen was not available for re-election. In addition, Ms. Roswitha Schiemann as well as Messrs. Dr. Uwe Haasen, Horst Meyer, Uwe Plucinski, Reinhold Pohl, Jörg Thau and Dr. Bernd W. Voss departed from the Supervisory Board.

Mr. Jürgen Dormann resigned his mandate as member of the Supervisory Board with effect from the end of the Annual General Meeting on May 5, 2004. Mr. Dormann's seat on the Board will be filled by Dr. Albrecht Schäfer as elected substitute member.

We thanked the departing members for their constructive and trusting collaboration in our body during the past term of office. Our special thanks go to Dr. Liesen, who was a member of the Supervisory Board for almost two decades and presided as its judicious and highly respected chairman for seven years.

At the constitutive meeting of the new Supervisory Board in April 2003, Dr. Henning Schulte-Noelle was elected as its chairman and Mr. Norbert Blix as its deputy chairman.

For reasons of age, Dr. Horst Müller retired from the Board of Management on December 31, 2003. He had been responsible for Group Financial Risk Management. This function will be assumed at Group level by Dr. Perlet in addition to his present responsibilities. We expressed our thanks to Dr. Müller for the committed work he performed for many years at Dresdner Bank and, since 2001, also at Allianz.

In our capacity as members of the Supervisory Board, we would like to take this opportunity to thank all members of the Allianz Group companies for their personal effort and commitment.

Munich, March 17, 2004

For the Supervisory Board:



Dr. Henning Schulte-Noelle
Chairman