

Investor Relations Release

Allianz Announces Capital Measures

Strengthening Capital Base to Leverage Competitive Advantages and Growth Opportunities

The board of management of Allianz has announced its decision to launch a capital increase in order to enhance the capital base of the Group. In addition, the Company intends to issue hybrid capital in the form of a subordinated bond. Allianz has decided to secure its capital base, which is already strong by international standards, in order to capitalize on the Group's competitive advantages and growth opportunities. "We want to improve our ability to compete from a position of strength. Our success with clients is based on our financial strength, among other factors, because this strength conveys security and solidity. The record growth in new business of Allianz Leben last year clearly demonstrates this. We intend to achieve further profitable growth on the basis of this strengthened capital base and to do so organically", said Henning Schulte-Noelle, Chief Executive Officer of Allianz.

This set of capital measures is intended to raise a total volume of up to 5 billion Euros. The rights offering is expected to amount to 3.5 to 4 billion Euros. In light of the geopolitical environment, the offering will be launched very shortly. The details of the transaction will be announced shortly before the commencement of the rights trading and the final terms will depend on market conditions at that time. In a second step – also planned for this year – Allianz will issue hybrid capital of approximately 1.5 billion Euros. The proposed capital measures secure the sufficient capital base of the Group and create the necessary flexibility to take advantage of future growth opportunities. After the capital raising, Allianz expects to have a credit rating within the AA/Aa band.

Allianz has appointed an international bank syndicate which has agreed to fully underwrite a rights issue of approximately 3.5 billion Euros, subject to customary terms and conditions, at a subscription price of at least 30 Euros per share. The syndicate comprises Deutsche Bank, Goldman Sachs, Schroder Salomon Smith Barney and UBS Warburg. The members of this syndicate will also act jointly with Dresdner Kleinwort Wasserstein as Global Coordinators of the transaction.

In addition to the proposed capital measures, the stake in Munich Re will be reduced to about 15 percent. In the course of this year, the MILES securities - issued in 2000 - will be partly repaid in Munich Re shares which will contribute to reducing Allianz' stake in Munich Re to between 16 and 18 percent. Munich Re will partially participate in the planned rights issue of Allianz and thereby reduce its stake in Allianz to about 15 percent. The existing long term partnership of the two groups will continue on this basis. "We will each be less dependent on the respective earnings development of the other group. This will reduce the volatility of each of the shares in the interest of our shareholders. This will not change the strategic importance of the relationship between the groups" explained Michael Diekmann, the designated successor of Henning Schulte-Noelle.

Munich, March 20, 2003

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