

**Invitation to the
Annual General Meeting
of Allianz AG
on May 5, 2004**

2004

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Allianz Aktiengesellschaft, Munich
Securities Identification Number 840400

Invitation to the Annual General Meeting

The shareholders of Allianz Aktiengesellschaft are invited to the **Annual General Meeting**, to be held **on Wednesday, May 5, 2004 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

Presentation of the approved Annual Financial Statements, the Management Report and the report of the Supervisory Board, as well as the approved Consolidated Financial Statements and the Management Report for the Group for the fiscal year 2003.

The above records are available for inspection at the registered office of the Company, Koeniginstrasse 28, 80802 Munich, Germany and on the Internet at www.allianzgroup.com/agma as part of the Annual Reports of Allianz AG and the Allianz Group. Upon request, a copy will be sent to shareholders.

2. Appropriation of Net Earnings

The Board of Management and the Supervisory Board propose that the available net earnings of EUR 580,000,000 for the fiscal year 2003 be appropriated as follows:

- Distribution of a dividend of EUR 1.50 per no-par share entitled to a dividend
..... EUR 550,709,560.50
- Allocation to retained earnings
..... EUR 29,290,439.50

The proposal on the appropriation of net earnings takes into consideration shares held by the Company, directly or indirectly, which are not entitled to dividends pursuant to Sec. 71 b of the German Stock Corporation Act. Until the Annual General Meeting, the number of shares entitled to dividends may be reduced or increased by further share repurchases or sales of treasury shares. In such case, the proposed resolution will be adjusted, while the distribution of a dividend of EUR 1.50 per no-par share entitled to a dividend will remain unchanged.

3. Approval of the Actions of the Members of the Board of Management

The Board of Management and the Supervisory Board propose that the actions of the members of the Board of Management for the fiscal year 2003 be approved.

4. Approval of the Actions of the Members of the Supervisory Board

The Board of Management and the Supervisory Board propose that the actions of the members of the Supervisory Board for the fiscal year 2003 be approved.

5. Creation of Authorized Capital 2004/I, Cancellation of Authorized Capital 2003/I and 2003/II and Corresponding Amendment to the Articles of Association

It is proposed that the existing Authorized Capital 2003/I and Authorized Capital 2003/II be consolidated into a new Authorized Capital 2004/I, and the amount of the new Authorized Capital 2004/I be increased to EUR 450 million.

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

- a) The Board of Management shall be authorized to increase the capital stock of the Company on one or more occasions on or before May 4, 2009 by an amount of up to EUR 450,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par shares against contributions in cash and/or in kind (Authorized Capital 2004/I).

If the capital stock is increased against contributions in cash, the shareholders are to be granted pre-emptive rights. The Board of Management shall, however, be authorized, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights

- for fractional amounts;
- if necessary to grant pre-emptive rights on new shares to holders of

bonds issued by Allianz AG or its Group companies that carry conversion or option rights or conversion obligations to such an extent as such holders would be entitled to after having exercised their conversion or option rights or after any conversion obligations have been fulfilled;

- if the issue price of the new shares is not significantly below the market price and the shares issued under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act do not exceed 10% of the capital stock, neither on the date when this authorization takes effect nor on the date of exercise of this authorization. The sale of treasury stock will be counted towards this limitation if the sale occurs during the term of this authorization and if pre-emptive rights are excluded pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. In addition, shares issued or required to be issued to meet obligations arising from bonds carrying conversion or option rights or conversion obligations must also be included in determining this limitation to 10% of the capital stock of Allianz AG, if these bonds are issued during the term of this authorization under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act.

Furthermore, the Board of Management shall be authorized, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights in the case of a capital increase against contributions in kind.

The Board of Management shall also be authorized, upon the approval of the Supervisory Board, to determine additional rights of the shares and the conditions of their issuance.

- b) Art. 2 par. 3 of the Articles of Association shall be amended as follows:

"3. The Board of Management shall be authorized to increase the capital stock of the Company on one or more occasions on or before May 4, 2009 in an amount of up to EUR 450,000,000 in the aggregate, upon the approval of the Supervisory Board, by issuing new registered no-par shares against contribution in cash and/or in kind (Authorized Capital 2004/1).

If the capital stock is increased against contributions in cash, the shareholders are to be granted pre-emptive rights. The Board of Management shall be authorized, however, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights

- for fractional amounts;

- if necessary to grant pre-emptive rights on new shares to holders of bonds issued by Allianz AG or its Group companies that carry conversion or option rights or conversion obligations to such an extent as such holders would be entitled to after having exercised their conversion or option rights or after any conversion obligations have been fulfilled;
- if the issue price of the new shares is not significantly below the market price and the shares issued under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act do not exceed 10% of the capital stock, neither on the date when this authorization takes effect nor on the date of exercise of this authorization. The sale of treasury stock will be counted towards this limitation if the sale occurs during the term of this authorization and if pre-emptive rights are excluded pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. In addition, shares issued or required to be issued with respect to bonds carrying conversion or option rights or conversion obligations will also count towards this limitation, if the bonds are issued during the term of this authorization under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act.

Furthermore, the Board of Management shall be authorized, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights in the case of a capital increase against contributions in kind.

The Board of Management shall also be authorized, upon the approval of the Supervisory Board, to determine the additional rights of the shares and the conditions of their issuance."

- c) The authorizations for the Authorized Capital 2003/I and the Authorized Capital 2003/II, adopted by the Annual General Meeting on April 29, 2003 (agenda items No. 6 and 12) pursuant to Art. 2 par. 3 and 5 of the Articles of Association, shall be revoked upon the adoption of the new Authorized Capital 2004/I. Par. 6 and 7 of Art. 2 of the current Articles of Association will become par. 5 and 6.
- d) The Board of Management is instructed to file the resolution on the cancellation of the Authorized Capital 2003/I and the Authorized Capital 2003/II with the Commercial Register in such a manner that the cancellation will only be entered into the Register if the new Authorized Capital 2004/I to be adopted pursuant to lit. a) and b) of this agenda item will be registered at the same time.

6. Creation of an Authorized Capital 2004/II for the Issuance of Shares to Employees, Cancellation of the Authorized Capital 2001/II and Amendments to the Articles of Association

The Authorized Capital 2001/II (Art. 2 par. 4 of the Articles of Association) for the issuance of shares to employees has been used up except for a remaining amount of EUR 5,369,187.84. In order to have sufficient capital for the issuance of shares to employees over the next several years, it is necessary to increase this authorized capital to its original amount. The remainder of the existing authorization shall therefore be cancelled, and a new Authorized Capital 2004/II in the amount of EUR 10 million shall be created.

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

- a) Upon the approval of the Supervisory Board, the Board of Management shall be authorized to increase the capital stock of the Company on one or more occasions on or before May 4, 2009 by an amount of up to EUR 10,000,000 in the aggregate by issuing new registered no-par shares against contributions in cash (Authorized Capital 2004/II). The Board of Management may, upon the approval of the Supervisory Board, exclude shareholders' pre-emptive rights in order to issue the new shares to employees of Allianz AG and

companies of the Allianz Group. The Board of Management shall further be authorized, upon the approval of the Supervisory Board, to exclude pre-emptive rights with respect to fractional amounts.

The Board of Management shall be authorized, upon the approval of the Supervisory Board, to determine the additional rights of the shares and the conditions of their issuance.

- b) Art. 2 par. 4 of the Articles of Association shall be amended as follows:

“4. Upon the approval of the Supervisory Board, the Board of Management shall be authorized to increase the capital stock of the Company on one or more occasions on or before May 4, 2009 by an amount of up to EUR 10,000,000 in the aggregate by issuing new registered no-par shares against contributions in cash (Authorized Capital 2004/II). The Board of Management may, upon the approval of the Supervisory Board, exclude shareholders’ pre-emptive rights in order to issue the new shares to employees of Allianz AG and companies of the Allianz Group. The Board of Management is further authorized, upon the approval of the Supervisory Board, to exclude pre-emptive rights with respect to fractional amounts.

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

- c) The remaining amount of EUR 5,369,187.84 under the Authorized Capital 2001/II, adopted by the Annual General Meeting on July 11, 2001 (item No. 6 of the agenda) pursuant to Art. 2 par. 4 shall be revoked upon the adoption of the new Authorized Capital 2004/II.
- d) The Board of Management is instructed to file the resolution on the cancellation of the Authorized Capital 2001/II with the Commercial Register in such a manner that the cancellation will only be entered into the Register if the new Authorized Capital 2004/II to be adopted pursuant to lit. a) and b) of this agenda item will be registered at the same time.

7. Approval of New Authorization to Issue Bonds Carrying Conversion and/or Option Rights, Creation of Conditional Capital 2004, Cancellation of the Existing Authorization to Issue Bonds Carrying Conversion or Option Rights, Cancellation of the Conditional Capital 2001 and Corresponding Amendments to the Articles of Association

In a resolution pertaining to item 7 of the agenda for the Annual General Meeting on July 11, 2001, the Board of Management

was authorized, upon the approval of the Supervisory Board, to issue bonds carrying conversion or option rights for shares of the Company, on one or more occasions, on or before July 10, 2006. The Board of Management and the Supervisory Board propose that the maximum volume for such bonds be raised from its current limit of EUR 5 billion to EUR 10 billion, and that the issuance of perpetual bonds also be permitted. In order to accommodate the increased amount, it is proposed that the Conditional Capital for servicing the conversion and option rights arising from this authorization also be raised from its current level of EUR 50 million to EUR 250 million. The existing authorization and the corresponding existing Conditional Capital 2001 shall be replaced by a new authorization to issue bonds carrying conversion and/or option rights and a new Conditional Capital 2004.

The Board of Management and the Supervisory Board therefore propose the following resolutions:

- a) Authorization to issue bonds carrying conversion and/or option rights
 - aa) Nominal amount, term of authorization, number of shares

The Board of Management shall be authorized, upon the approval of the Supervisory Board, to issue bonds carrying conversion and/or option rights, in bearer or registered form (hereafter jointly

referred to as “the bonds”) on one or more occasions on or before May 4, 2009, in a nominal amount of up to EUR 10,000,000,000 with or without definite maturity, and to grant the holders of the bonds conversion or option rights for the shares of the Company in a proportionate amount of the capital stock of up to EUR 250,000,000 in accordance with the terms and conditions of the respective bonds. Bonds may also be issued against contributions in kind.

In addition to issuances in euro, the bonds may also be issued in the legal currency of an OECD country – limited to the appropriate equivalent amount in euros. The bonds may also be issued by Group companies, in which case the Board of Management shall be authorized to guarantee the bonds on behalf of the Company and to grant the holders of such bonds conversion or option rights, as applicable, on Allianz AG shares.

- bb) Granting of Pre-emptive Rights, Exclusion of Pre-emptive Rights

Shareholders generally have a pre-emptive right to acquire the bonds. The bonds can also be acquired by one or several financial institutions if these commit to offer them for purchase to the shareholders.

The Board of Management shall, however, be authorized, upon the approval of the Supervisory Board, to exclude pre-emptive rights of shareholders

- for fractional amounts;
- if necessary to grant pre-emptive rights on shares of the Company to holders of bonds that carry conversion or option rights or conversion obligations to such an extent as such holders would be entitled to after having exercised their conversion or option rights or after any conversion obligations have been fulfilled;
- if the bonds are issued against payment in cash and the issue price is not significantly lower than the theoretical market value of the bonds as calculated using recognized financial methods. The opinion of an experienced investment bank or audit firm must be obtained to determine such market value. This authorization to exclude pre-emptive rights only applies, however, to bonds carrying rights on shares corresponding to a proportionate share of the capital stock not exceeding 10% in the aggregate, neither on the date that this authorization takes effect, nor on the date of exercise of this autho-

zation. The sale of treasury stock will be counted towards this limit if the sale occurs during the term of this authorization and pre-emptive rights are excluded pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. In addition, shares issued during the term of this authorization from Authorized Capital will also be counted towards this limit if pre-emptive rights are excluded pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act;

- if the bonds are issued against contributions in kind, as long as the value of the contribution in kind is appropriate in relation to the market value of the bonds as calculated in accordance with the preceding paragraph.

cc) Conversion rights, Conversion obligations

If bonds carrying conversion rights are issued, the holders can convert their bonds into Company shares in accordance with the terms and conditions of the bonds. The proportionate share in the capital stock of the shares to be issued upon conversion may not exceed the nominal value of the convertible bond. The exchange ratio is calculated by dividing the nominal value of the

bond by the fixed conversion price for one Company share. The exchange ratio may also be calculated by dividing the issue price of the bond, which may be lower than its nominal value, by the fixed conversion price for one Company share. The exchange ratio may further be rounded up or down to a whole number; in addition, the terms and conditions of the bonds may provide for a cash premium; may provide for fractional amounts to be combined and/or settled with cash payments; and may also provide for a variable exchange ratio.

The terms and conditions of the bonds may also provide for a conversion obligation. In such case, the terms and conditions of the bonds may entitle the Company to settle in cash, either in part or in whole, any difference between the nominal value of the convertible bonds and the result obtained from multiplying a market price of the shares at the time of the mandatory exchange (such price to be more closely defined in the terms and conditions of the bonds, but to amount to at least 80% of the relevant market price of the shares for the lower conversion price limit, pursuant to lit. ee) below), and the exchange ratio.

dd) Option rights

If bonds carrying option rights are issued, one or more warrants will be attached to each bond, entitling the bearer to purchase Company shares in accordance with the terms and conditions of the warrants to be more closely defined by the Board of Management. The proportionate share in the capital stock of the shares to be issued per bond may not exceed the nominal value of the bond.

ee) Conversion/Option price

The conversion or option price per share must be equal to either at least 80% of the average closing auction prices of Allianz AG shares in the Xetra-trading system (or any comparable succeeding system) over the ten trading days preceding the day on which the Board of Management resolves to issue the bonds carrying conversion or option rights, or at least 80% of the average closing auction prices of Allianz AG shares in the Xetra-trading (or any comparable succeeding system) over the days on which the rights are traded on the Frankfurt Stock Exchange, except the last two trading days of the rights trading period.

Notwithstanding Sec. 9 par. 1 of the German Stock Corporation Act, the terms and conditions of the bonds carrying conversion or option rights may contain anti-dilution clauses to provide protection during the conversion or option period against the Company raising its capital stock, issuing additional bonds carrying conversion or options rights, or granting or guaranteeing further option rights without granting the holders of conversion or option rights the pre-emptive rights to which they would be entitled if they exercised their conversion or option rights or if the conversion obligation were fulfilled. The terms and conditions may also provide for an adjustment of the conversion or option price if the Company implements other measures that might result in a dilution of the value of the conversion or option rights. The proportionate share in the capital stock of the shares to be issued per bond may in no instance exceed the nominal value of the bond.

ff) Further structuring possibilities

The individual terms and conditions of the bonds may provide that treasury shares be issued in the case of a conversion or exercise of option rights. Moreover, the terms and conditions may provide for the

Company not to grant holders shares in the Company, but to pay the equivalent amount in cash. The terms and conditions of the bonds carrying conversion or option rights may also provide for a variable number of shares to be issued upon exercise of the option or conversion rights or upon fulfilment of the conversion obligations, as applicable; or the terms may provide for a variable exchange ratio, and/or for an adjustment of the option or conversion price during the term of the bonds within a range to be determined by the Board of Management to reflect the performance of the share price or as a result of anti-dilution clauses.

gg) Authorization to stipulate further terms and conditions of the bonds

The Board of Management shall be authorized to determine (on its own or, if applicable, in agreement with the administrative bodies of the Group companies issuing the bonds carrying conversion or option rights) additional details related to the issuance of the bonds and the terms and conditions of the bonds, particularly with respect to interest rate, issue price, term and denomination, conversion or option price, and conversion or option period.

b) Conditional Capital Increase

The capital stock shall be conditionally increased by an amount of up to EUR 250,000,000 through issuance of up to 97,656,250 new registered no-par shares with dividend rights becoming effective at the beginning of the fiscal year in which such shares will be issued (Conditional Capital 2004). The conditional capital increase shall enable the issuance of shares to the holders of bonds issued in accordance with the authorization referred to above, to the extent that such bonds are issued against payment in cash.

The issuance of new shares shall be made on the basis of the conversion or option price determined in accordance with the authorization referred to above. The conditional capital increase shall be carried out only to the extent that conversion or option rights are exercised against cash payments or that conversion obligations are fulfilled, and only insofar as no other methods of servicing these rights are used.

The Board of Management shall be authorized to determine further details of the conditional capital increase.

c) Cancellation of authorization dated July 11, 2001 and cancellation of Conditional Capital 2001

The authorization to issue bonds carrying conversion or option rights, approved by the Annual General Meeting under item 7 of the agenda on July 11, 2001, as well as the Conditional Capital 2001 in the amount of EUR 50,000,000 pursuant to Art. 6 par. 2 of the Articles of Association (which will become Art. 2 par. 5 after the adoption of the amendment to the Articles under item 5 lit. c of the agenda) shall be cancelled. These cancellations shall only become effective after the new authorization to issue bonds carrying conversion or option rights, as proposed under lit. a), as well as the new Conditional Capital, as proposed under lit. b) have become effective.

d) Amendment to the Articles of Association

Art. 2 par. 6 of the Articles of Association (Authorized Capital 2001), which (pursuant to item 5 lit. c) of the agenda) will become paragraph 5 upon the adoption of the amendment to the Articles, will be replaced by the following provision:

“5. The share capital is conditionally increased by an amount of up to EUR 250,000,000 through issuance of up to 97,656,250 new registered no-par shares with dividend rights becoming effective at the beginning of the fiscal year in which such shares are issued (Conditional Capital 2004). The conditional capital increase shall be carried out only to the extent that conversion or option rights are exercised by holders of bonds that Allianz AG or its Group companies have issued against cash payments in accordance with the resolution of the Annual General Meeting of May 5, 2004, or that mandatory conversion obligations are fulfilled, and only insofar as no other methods of servicing these rights are used. The Board of Management shall be authorized to determine further details of the conditional capital increase.”

e) Registration with the Commercial Register

In order to ensure that the cancellation of the existing Conditional Capital 2001 will not become effective without being replaced by the new Conditional Capital 2004 pursuant to the foregoing resolution, the Board of Management is instructed to file the cancellation of the Conditional Capital 2001 with the Commercial Register in such a manner that the cancellation will only be entered

in the Register if the new Conditional Capital 2004 is entered in the Commercial Register at the same time.

8. Authorization to Acquire Company Shares for Trading Purposes

The authorization to acquire Company shares for trading purposes according to Sec. 71 par. 1 No. 7 of the German Stock Corporation Act, adopted by last year's Annual General Meeting on April 29, 2003, expires on October 28, 2004, and should therefore be renewed. In particular, the renewal will allow Dresdner Bank AG, which belongs to the Allianz Group, to trade in shares of Allianz AG.

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

- a) Domestic or foreign credit institutions, within the meaning of Sec. 71 par. 1 No. 7 of the German Stock Corporation Act, that are majority-owned by the Company shall be authorized to buy and sell shares of the Company for trading purposes. The total number of shares acquired under this authorization, together with other treasury shares held by the Company (or that the Company is deemed to hold according to Sec. 71a et seq. of the German Stock Corporation Act), shall at no time exceed 10% of the capital stock of Allianz AG.

- b) Based on this resolution, shares shall be acquired only if the consideration paid per share is not more than 10% higher or lower than the average market price of shares of Allianz AG (in the Xetra-trading system or any comparable succeeding system) during the three trading days preceding the acquisition of the shares.
- c) The trading position in shares acquired for this purpose shall not, at the end of any day, exceed 5% of the capital stock of Allianz AG.
- d) This authorization shall be effective until (and including) November 4, 2005. The currently existing authorization to acquire Company shares for trading purposes, adopted by the Annual General Meeting on April 29, 2003 and expiring on October 28, 2004, shall be cancelled upon the new authorization becoming effective.

9. Authorization to Acquire and Utilize Company Shares for Other Purposes

The authorization granted to the Board of Management by the Annual General Meeting on April 29, 2003 to buy Company shares pursuant to Sec. 71 par. 1 No. 8 of the German Stock Corporation Act expires on October 28, 2004, and should therefore be renewed. The proposed resolution sets forth alternative methods by which the Company may acquire and subsequently use its own shares.

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

- a) The Company shall be authorized to acquire Company shares in an amount of up to 10% of the current capital stock of Allianz AG; the total amount of Company shares acquired, together with other treasury shares held by the Company (or shares that the Company is deemed to hold according to Sec. 71 a et seq. of the German Stock Corporation Act) shall at no time exceed 10% of the capital stock of Allianz AG. This authorization shall not be used for the purpose of trading in the Company's shares.
- b) This authorization may be exercised in part or in whole and on one or more occasions, to pursue one or several purposes by the Company or by other companies controlled or majority-owned by the Company or by third parties acting for the account of such companies or for the account of the Company. This authorization shall be effective until November 4, 2005. The authorization to acquire Company shares for other purposes, granted at the Annual General Meeting of Allianz AG on April 29, 2003, shall be cancelled upon adoption of the new authorization.

c) The share repurchase may be carried out, at the discretion of the Board of Management, (1) through a stock exchange, (2) through a public tender offer or a public invitation to tender shares, or (3) through an exchange offer for shares of a listed company within the meaning of Sec. 3 par. 2 of the German Stock Corporation Act, or through a public invitation to tender shares. Alternatives (2) and (3) are subject to the provisions of the German Takeover Act, if and to the extent applicable.

- (1) If the shares are repurchased over a stock exchange, the purchase price per share (excluding incidental costs) shall not be more than 15% higher or lower than the opening auction price on the respective trading day in the Xetra-trading system (or any comparable succeeding system).
- (2) If the shares are repurchased through a public tender offer or a public invitation to tender shares, the tender price per share (without incidental costs), or the high and low ends of the price range, shall not be more than 20% higher or lower than the closing price in the Xetra-trading system (or any comparable succeeding system) on the

third trading day prior to the public announcement of the tender offer or the public invitation to tender shares. If, after the publication of the public tender offer or public invitation to tender shares, material deviations in the relevant market price occur, the offer or invitation to tender shares can be adjusted accordingly. In such a case, the basis of the adjustment will be the stock exchange price on the third trading day prior to the public announcement of the adjustment. The volume can be restricted. If the offer is over-subscribed or, in the case of an invitation to tender shares, not all tendered shares are accepted, shares must be repurchased on a pro-rata basis. Preferential acceptance may be provided for small lots of up to 100 shares per shareholder. The public tender offer or the invitation to tender shares may stipulate additional conditions.

- (3) If the shares are acquired through a public tender offer or through a public invitation to exchange Allianz AG shares for shares of a listed company within the meaning of Sec. 3 par. 2 of the German Stock Corporation Act ("exchange shares"), the exchange ratio may be

stipulated or may be determined by way of an auction. Consideration in cash may supplement the delivery of exchange shares or may be used to settle fractional amounts. Irrespective of the procedure for the exchange, the exchange price per share or the relevant high and low ends of the exchange price range in form of one or more exchange shares and fractional amounts, including any cash or fractional amounts (excluding incidental costs), shall not be more than 20% higher or lower than the relevant value of a share in Allianz AG.

The value of the shares of Allianz AG and of the exchange shares shall be determined based on the relevant closing price in the Xetra-trading system (or, if the respective shares are not traded in the Xetra-trading system, the trading system used in the particular market segment that is most similar to Xetra) on the third trading day prior to the public announcement of the exchange offer or public invitation to tender shares. If, after the public announcement of the public exchange offer or the invitation to tender shares, substantial price deviations occur, the offer or invitation to tender

shares can be adjusted. In such a case the basis of the adjustment will be the relevant prices on the third trading day prior to the public announcement of an adjustment. The volume can be restricted. If the offer is oversubscribed or, in the case of an invitation to tender shares, not all equivalent offers are accepted, the shares will be repurchased on a pro-rata basis. Preferential acceptance may be provided for small lots of up to 100 shares per shareholder. The exchange offer or invitation to tender shares may stipulate additional conditions.

- d) The Board of Management shall be authorized to use shares of the Company repurchased on the basis of this authorization for any lawful purposes, including any of the following:
 - (1) The shares can be sold in ways other than on a stock exchange or through an offer to the shareholders if they are sold for cash at a price not substantially below the stock exchange price of shares of the Company at the time of the sale. This authorization is, however, restricted pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act to the extent that the total number of shares sold

- under exclusion of pre-emptive rights shall not exceed 10% of the capital stock of Allianz AG, neither at the time of this authorization becoming effective nor at the time of its exercise. In determining this 10% limit, all shares must be included that are issued during the term of this authorization under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. Furthermore, shares issued or required to be issued to meet obligations arising from bonds carrying conversion or option rights or conversion obligations must also be included in determining this limit, if these bonds are issued during the term of this authorization under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act.
- (2) The shares may be sold for contributions in kind, particularly in the case of acquisitions of companies or interests in companies.
- (3) The shares may be placed on foreign stock exchanges on which they are not yet admitted for trading. The initial offer price (excluding incidental costs) of these shares may not be more than 5% below the closing price in the Xetra-trading system (or any comparable succeeding system) on the last trading day prior to the listing.
- (4) The shares may be used to meet the obligations to holders of conversion or option rights which were granted by the Company or any of its Group companies in connection with bond issues, or to meet obligations arising from bonds carrying conversion obligations issued by the Company or any of its Group companies.
- (5) The shares may be offered for purchase to employees of the Company or any of its Group companies.
- (6) The shares may be redeemed without an additional resolution by the Annual General Meeting authorizing such redemption of shares or its implementation. The redemption will result in a capital decrease. Alternatively, the Board of Management may decide that the capital stock shall remain unchanged, so that the redemption will increase the proportionate share of the remaining shares in the capital stock pursuant to Sec. 8

par. 3 German Stock Corporation Act. In this case, the Board of Management shall be authorized to adjust the number of shares in the Articles of Association.

- e) The authorizations under sub-item d) shall also apply to the use of Company shares repurchased on the basis of earlier authorizations according to Sec. 71 par. 1 No. 8 of the German Stock Corporation Act and – with the exception of sub-item d) (6) – to any such shares repurchased by Group companies or in accordance with Sec. 71 d sentence 5 of the German Stock Corporation Act.
- f) The authorizations under sub-item d) may be exercised on one or more occasions, in part or in whole, individually or jointly. The authorizations under items d), (1), (2), (4), (5) may also be exercised by companies controlled or majority-owned by the Company or by third parties acting on the account of such companies or on the account of the Company.
- g) The shareholders' pre-emptive rights on these treasury shares shall be excluded insofar as these shares are used according to the above authorization under sub-item d), (1)–(5). Furthermore, the Board of Management shall be authorized, in the event of a sale of treasury

shares through an offer to shareholders, to grant holders of bonds carrying conversion or option rights or conversion obligations issued by the Company or its Group companies pre-emptive rights on these shares to the extent they would be entitled thereto after having exercised the conversion or option right or after any conversion obligation has been fulfilled; to this extent, shareholders' pre-emptive rights shall be excluded.

10. Approval of Control and Profit Transfer Agreement between Allianz AG and Jota-Vermögensverwaltungsgesellschaft mbH

The Board of Management and the Supervisory Board propose that the control and profit transfer agreement between Allianz AG and Jota-Vermögensverwaltungsgesellschaft mbH ("Jota"), dated March 15, 2004 be approved.

The main points of the agreement are as follows:

- Jota makes its management subject to Allianz AG, which is entitled to issue instructions to it.
- Jota is obliged to transfer all its profits to Allianz AG.

- Jota may, upon the approval of Allianz AG, establish earnings reserves (Sec. 272 par. 3 of the German Commercial Code) from its net income for the fiscal year only if and to the extent that such reserves are permitted by the Commercial Code and are economically prudent under reasonable business judgment. Other reserves in accordance with Sec. 272 par. 3 of the German Commercial Code that are established during the term of the profit transfer agreement must be liquidated upon the request of Allianz AG and shall be offset against any year's net loss or shall be transferred as profit. The transfer of amounts from the liquidation of other earnings reserves established before commencement of the agreement is not permissible.
- Allianz AG is obliged under Sec. 302 pars. 1 and 3 of the German Stock Corporation Act to compensate any annual net loss, to the extent that such loss is not compensated by transferring funds that had been placed during the term of the agreement into the earnings reserves established pursuant to Sec. 272 par. 3 of the German Commercial Code.
- The agreement shall take effect retroactively – except with respect to the right of Allianz AG to issue instructions – as of January 1, 2004 and may be terminated by either party no earlier than December 31, 2008 with six months' advance notice.

If the agreement is not terminated, it is automatically renewed for one year with the same advance notice. The right to terminate the agreement without notice for material cause remains unaffected.

The shareholders' meeting of Jota has already approved the control and profit transfer agreement, and such approval has been notarized.

When the control and profit transfer agreement was concluded and when Jota's shareholders' meeting approved such agreement, Allianz AG was the sole shareholder of Jota. Therefore, Allianz AG does not have to pay compensation or consideration to any 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 Jota:

- the control and profit transfer agreement;
- the joint report of the Board of Management of Allianz AG and the management of Jota;
- the Financial Statements and Management Reports of Allianz AG for the past three fiscal years;

- the Financial Statements and Management Reports of Jota for the past three fiscal years.

Upon request, each shareholder will receive promptly a copy of these documents free of charge. The documents are also available on the Internet (www.allianzgroup.com/agm) and will also be available for inspection at the Annual General Meeting of Allianz AG.

Participation in the Annual General Meeting

Pursuant to Art. 10 par. 3 of the Articles of Association, shareholders may participate in the Annual General Meeting and exercise their voting rights – personally or by proxy – if they give notice to the Board of Management of the Company by **Wednesday, April 28, 2004**, either in writing to

Hauptversammlung Allianz AG
c/o ADEUS Aktienregister-Service-GmbH
60204 Frankfurt am Main
Germany

or via the Internet according to the procedure laid out by the Company at

www.allianzgroup.com/aggm-service

provided the respective shares are registered in the share register. For purposes of determining participation and voting rights, the status of the share register as of April 28, 2004 shall be decisive. Due to the increasing number of participants at our Annual General Meetings in the last few years, each shareholder registered in the share register will be allotted one admission ticket only.

Shareholders registered in the share register may also exercise their voting rights at the Annual General Meeting through a representative, e.g. a credit institution or an association of shareholders. In such case, the representative itself must notify the Board of Management of its attendance or the shareholder must do so

in time. If the representative is neither a credit institution nor an association of shareholders, the proxy must be granted in writing or via the Internet address shown above.

As a special service, we also offer to all our shareholders the option to authorize persons appointed by the Company to vote on the shareholders' behalf. These representatives will vote solely on the basis of the instructions given by the shareholder. They can be authorized in writing with the form submitted to shareholders or via the Internet (www.allianzgroup.com/aggm-service) in accordance with the procedure laid out by the Company.

Shareholders who wish to use the Internet to order admission tickets or to authorize a representative appointed by the Company will need their shareholder number and the respective online password. Shareholders who have signed up to receive the documents for the Annual General Meeting via e-mail, will receive their shareholder number in the invitation e-mail for the Annual General Meeting, and will be required to use the password they chose when signing up for e-mail delivery. All other shareholders registered in the share register will receive their shareholder number and online password together with the invitation letter for the Annual General Meeting by ordinary mail.

Credit institutions that are registered in the share register may exercise voting rights with respect to shares to which they do not hold title only by proxy of the shareholder.

Holders of American Depositary Shares (ADS) will be provided with proxy documents by JP Morgan Chase (Depositary).

Questions regarding the Annual General Meeting and shareholder proposals within the meaning of Sec. 126 of the German Stock Corporation Act ("shareholder proposals") must be sent to the address below. Shareholder proposals addressed otherwise cannot be taken into consideration.

Allianz AG
Investor Relations
Koeniginstrasse 28
80802 Munich
Germany

E-Mail: investor.relations@allianz.com
Telefax: 49-89.38 00-38 99

Shareholder proposals received by us no later than 12 midnight CET, April 20, 2004, as well as any management statements with respect thereto, will be made accessible via Internet at www.allianzgroup.com/agm.

Shareholders may watch the Annual General Meeting on May 5, 2004 beginning at 10:00 a.m. in its entirety live via Internet (www.allianzgroup.com/agm-service).

Shareholders can obtain online access by entering their shareholder number and online password. The opening of the Annual General Meeting by the chairman of the Annual General Meeting and the speech of the Chairman of the Board of Management will be accessible to any interested person live on the Internet (www.allianzgroup.com/agm) and will also be available as replay after the Annual General Meeting. No recording of the entire live transmission will be made.

Further details on registration and the granting of proxies are provided with the documents sent to shareholders.

Munich, March 2004
The Board of Management

Reports of the Board of Management to the Annual General Meeting Regarding Items 5, 6, 7 and 9 of the Agenda Pursuant to Sec. 203 par. 2 Sentence 2, Sec. 221 par. 4 Sentence 2, Sec. 71 par. 1 No. 8 in Conjunction With Sec. 186 par. 4 Sentence 2 and Sec. 186 par. 3 Sentence 4 of the German Stock Corporation Act:

1. Report on Item 5 of the agenda regarding the exclusion of shareholders' pre-emptive rights in connection with the Authorized Capital 2004/I

The Board of Management and the Supervisory Board recommend to the Annual General Meeting the creation of an Authorized Capital 2004/I in the aggregate nominal amount of EUR 450 million against contributions in cash and/or in kind. The new Authorized Capital 2004/I shall replace the previous Authorized Capital 2003/I of EUR 10 million and 2003/II of EUR 300 million, both of which have not been utilized. Except for the increase in the amount, there are no other changes in connection with this increase. With the increase of up to EUR 450 million we intend to better utilize the permitted limit of authorized capital which was increased through the capital increase in the spring of 2003 by EUR 150 million. The sum of authorized capital in relation to our capital stock was approximately 47% before the capital increase in 2003 and has now dropped to approximately 32%. Through the recommended new authorization, this relation is intended to be restored to its previous level.

Allianz AG has to be in a position to act in a quick and flexible manner for the benefit of its shareholders according to changing market conditions. The Board of Management therefore believes that it is its obligation to ensure that the Company always has the required instruments to raise capital, even if there is no current need for it to be used. In most cases, the tight timeframe for decisions regarding capital needs does not allow the Company to be dependent on the cycle of the Annual General Meeting. The instrument of "authorized capital" has therefore been created by law to address this issue. The most common purposes for authorized capital are strengthening a company's capital basis and financing acquisitions.

If shares are issued pursuant to the Authorized Capital 2004/I against cash contributions, shareholders generally have pre-emptive rights.

However, the Board of Management shall be authorized, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights in the case of a capital increase against contributions in cash when the issue price is not substantially lower than the market price, as provided for by Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. This authorization enables the Company to take advantage, in a quick and flexible manner, of market opportunities in the various areas of its business activities and to meet capital needs on very short notice when necessary.

By excluding pre-emptive rights, the Company is given the ability to quickly respond and to place shares at a price close to the market price, i.e. without the discounts usually necessary in connection with the issuance of pre-emptive rights. As a result, the Company benefits from higher proceeds. Furthermore, new investor groups may be attracted by such issuances. When utilizing this authorization, the Board of Management will fix the discount as low as possible in light of the market conditions existing at the time of the placement, and in no event in excess of 5% of the then prevailing market price when utilizing the Authorized Capital 2004/I. Furthermore, pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act, the number of shares issued without pre-emptive rights may not exceed 10% of the existing share capital, neither at the time of this authorization becoming effective, nor at the time of its exercise. The sale of treasury stock will be counted towards this limitation if the sale occurs during the term of this authorization and if pre-emptive rights are excluded pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. In addition, shares issued or required to be issued with respect to bonds carrying conversion or option rights or conversion obligations will also count towards this limit, if the bonds are issued during the term of this authorization under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. These requirements ensure compliance

with the legal provisions governing the protection of shareholders against dilution. Each shareholder has, in principle, the opportunity to acquire via the stock exchange the shares necessary to avoid dilution on substantially similar terms, given that the issue price of the new shares is close to the market price and the size of the placement without pre-emptive rights is restricted. This ensures that the economic and voting rights of shareholders are adequately protected when shares are issued from the Authorized Capital 2004/I under exclusion of pre-emptive rights pursuant to the fourth sentence of Sec. 186 par. 3 of the German Stock Corporation Act, while granting the Company flexibility for the benefit of all of its shareholders.

Furthermore, it should be possible to exclude shareholders' pre-emptive rights to the extent this is necessary to grant pre-emptive rights on shares to holders of bonds to be issued in the future that carry conversion and/or option rights, if the terms and conditions of these bonds provide for such pre-emptive rights. Instead of a reduction in the option or conversion price, such bonds usually provide for protection against dilution by granting bond holders pre-emptive rights in subsequent share issuances, in the same manner as shareholders are entitled to pre-emptive rights. Such holders are thus placed in the same position as if they had already exercised their option or conversion rights or a conversion obligation had been fulfilled.

Compared to a protection against dilution through reduction of the option or conversion price, this has the advantage that the Company can realize a higher issue price for the shares to be issued in connection with the exercise of a conversion or option right.

Furthermore, the Board of Management should be authorized, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights with respect to fractional amounts. This enables the Company to increase the capital stock in round numbers. The technical handling of an issuance will be facilitated by such authorization. The fractional shares excluded from the pre-emptive rights will be sold in a way most efficient for the Company.

The Company should be further authorized to exclude shareholders' pre-emptive rights in the case of a capital increase against contributions in kind. This authorization enables the Board of Management to deliver shares of the Company in connection with the acquisition of companies or interests in companies, or other assets. In negotiations, there may be situations in which consideration is to be in the form of shares rather than in cash. This option will increase the company's competitive position with respect to potential acquisition targets and increase its flexibility to take advantage of acquisition opportunities while maintaining its liquidity levels. Using shares as acquisition currency can also be advantageous

when optimizing the financing structure. The recommended authorization is not disadvantageous to the Company as the issuance of shares against contributions in kind is only permissible if such contributions in kind represent a fair value compared to the delivered shares.

The Board of Management shall further be authorized to issue shares using the Authorized Capital 2004/I, instead of providing cash settlement, to satisfy in part or in whole securitized or unsecuritized monetary claims against the Company. The Company is thus granted additional flexibility to settle such cash claims by the issuance of shares even in instances where it had initially agreed to pay in cash (e.g. for an acquisition target).

Under the Authorized Capital 2004/I, the Company is further authorized to issue shares under the exclusion of shareholders' pre-emptive rights for the settlement of bonds with conversion or option rights originally issued against contributions in kind. This further extends the flexibility of these financial instruments as they may be used as acquisition currency, especially in the case of mergers and of acquisitions of interests in companies, or other assets and therefore also increases the Company's competitive position with respect to attractive acquisition targets.

The Board of Management will carefully analyze in each case whether to exclude shareholders' pre-emptive rights when raising capital pursuant to this authorization. This option would only be used if, following the assessment of the Board of Management and the Supervisory Board, it is deemed to be in the best interest of the Company, and, therefore, of its shareholders.

The Board of Management will report on the use of the authorization at each General Meeting following such use.

2. Report on item 6 of the agenda regarding the exclusion of shareholders' pre-emptive rights in connection with the Authorized Capital 2004/II

The proposed authorization is intended to enable the Company to offer Company shares to the employees of Allianz AG and its Group companies at preferential conditions without having to purchase those shares on the stock exchange. Offering shares to employees is in the best interest of the Company and its shareholders, because it enhances employee identification with the Company and encourages them to take responsibility for the Company. Under the German Stock Corporation Act, shares required for this purpose may be issued from authorized capital. The Authorized Capital 2001/II (Art. 2 par. 4 of the Articles of Association) – created in 2001 for this purpose – has been used up except for a remaining amount of EUR 5,369,187.84.

In order to have sufficient capital for the issuance of stock to employees over the next several years, it is necessary to restore this Authorized Capital to its original amount of EUR 10 million. The size of this authorization has been determined by taking into account the number of employees entitled to participate, the expected subscription results and the term of the authorization. To offer shares from authorized capital to employees, it is necessary to exclude shareholders' pre-emptive rights. At the moment, it is not possible to state the issuance price, because neither the date nor the amount of the respective use of the Authorized Capital has been fixed. Shares sold to employees may be offered with customary discounts. Furthermore, the Board of Management may exclude fractional amounts from shareholders' pre-emptive rights, upon the approval of the Supervisory Board, to facilitate the implementation of this capital increase. Employee shares that are not subscribed will be sold on the stock exchange.

3. Report on point 7 of the agenda concerning the exclusion of pre-emptive rights when issuing bonds carrying conversion or option rights

The Board of Management is currently authorized by a resolution of the Annual General Meeting dated July 11, 2001 pertaining to point 7 of the agenda, to issue by July 10, 2006 bonds carrying conversion or option rights for registered shares in the Company, on one or more occasions,

upon approval by the Supervisory Board. Accordingly, bonds carrying conversion and/or option rights can be issued up to a nominal value of EUR 5 billion, with a term of up to twenty years, and with conversion or option rights for shares in the Company in a proportionate share of the capital stock of up to EUR 50 million. Under certain circumstances the Board of Management shall be authorized to exclude pre-emptive rights, upon the approval of the Supervisory Board.

To date, the Board of Management has not made use of this authorization.

We propose that the Annual General Meeting approve a new authorization and a new Conditional Capital for the issuance of bonds carrying conversion and/or option rights, with the maximum volume for such bonds being increased to EUR 10 billion. Furthermore, it should be possible to issue bonds with no definite maturity (perpetual bonds), and the Conditional Capital necessary to meet the obligations arising from the conversion and option rights should be increased to EUR 250 million. The currently existing authorization to issue bonds carrying conversion or option rights, as well as the Conditional Capital 2001 created for this purpose, should be cancelled.

The renewal of the authorization is required in order to meet changing conditions in the capital markets. Types of financing with

no definite maturity have meanwhile become customary in the area of so-called hybrid financings. A removal of the restriction limiting the maturity to 20 years for bonds carrying conversion or option rights would therefore allow the Company to issue such instruments. We also believe that raising the maximum issuance volume to EUR 10 billion would be useful in exploiting the spectrum of capital market instruments that securitize conversion or option rights.

The Conditional Capital to meet the obligations arising from the conversion and option rights should also be raised to EUR 250 million at the same time. This increase reflects the increase in the maximum issuance volume of bonds to EUR 10 billion, and at the same time ensures that the scope of this authorization can be utilized in full. The number of shares required to meet the obligations arising from the option or conversion rights of a bond with a certain issuance volume generally depends on the price of Allianz shares at the time the bond is issued. If sufficient Conditional Capital is available, the scope of authorization for issuing bonds carrying conversion or option rights can be exploited in full.

Adequate capital is an important prerequisite for the Company's development. By issuing bonds carrying conversion or option rights, the Company can make use of attractive financing opportunities,

depending on the market situation, to obtain low-interest capital. The Company benefits from the conversion or option premium. Many hybrid financings can only be placed if option or conversion rights can be granted.

Shareholders will generally be given pre-emptive rights when bonds carrying conversion or option rights are issued.

The Board of Management should, however, be authorized in accordance with Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act to exclude these pre-emptive rights, upon approval of the Supervisory Board, if the issue price of the bonds is not substantially lower than their market value. This can be a suitable way to take advantage of favorable market conditions and to place bonds quickly and flexibly at attractive conditions on the market. The stock markets have become much more volatile. Achieving the most beneficial outcome possible from an issue therefore depends increasingly on the ability to respond to market developments on short notice. Favorable terms that correspond as much as possible to market conditions can generally only be secured if the Company is not tied to them for too long an offer period. In the case of issuances with pre-emptive rights, a considerable discount is generally required to guarantee the attractiveness of the terms and thus the chance of the issue being

successful over the entire offer period. Even though Sec. 186 par. 2 of the German Stock Corporation Act now allows the subscription price to be published (and, as such, the terms and conditions of bonds carrying conversion or option rights) up to the third day before the end of the subscription period, there still exists due to the volatility of the equity markets a market risk over several days, leading to discounts when determining the terms and conditions of the bond and hence resulting in terms that are not close to market conditions. Furthermore, when pre-emptive rights are granted, an alternative placement with third parties is more difficult or entails additional efforts, given the uncertainty surrounding the exercise (subscription behavior). After all, the Company cannot react to changes in market conditions on short notice when granting pre-emptive rights, given the duration of the subscription period. This could lead to the Company procuring capital on unfavourable terms.

Shareholders' interests are protected by the bonds being issued on terms that are not substantially lower than the market value. The market value must be determined using recognized financial methods. For this purpose, the opinion of an experienced investment bank or audit firm must be obtained. When determining the price, the Board of Management will take into consideration the then prevailing conditions on the capital markets and keep the discount

on the market value as low as possible. This would result in the computed value of the pre-emptive rights being close to zero, thus ensuring that the shareholders will not suffer any material economic disadvantages from the exclusion of pre-emptive rights. Moreover, shareholders can maintain their share of the capital stock of the Company through purchases on virtually the same terms and conditions via the stock exchange. This ensures reasonable protection of their economic interests. The authorization to exclude pre-emptive rights as outlined in Sec. 186 par. 3 Sentence 4 of the German Stock Corporation Act only applies to bonds with rights to shares that account for a proportionate share of the capital stock of not more than 10%, neither at the time of this authorization becoming effective, nor at the time of its exercise. The sale of treasury stock must be counted towards this limit if it occurs during the term of this authorization under exclusion of pre-emptive rights in accordance with Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. In addition, shares issued from Authorized Capital under exclusion of pre-emptive rights in accordance with Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act during the term of this authorization must be counted towards this limit. These provisions serve the interest of shareholders by minimizing the dilution of their investment as much as possible.

Moreover, the Board of Management shall be authorized, upon the approval of the Supervisory Board, to exclude pre-emptive rights with respect to fractional amounts. Such fractional amounts can be the result of the amount of the relevant issuing volume and the need to fix a practicable exchange ratio. In such cases, excluding pre-emptive rights simplifies the execution of the capital increase.

Furthermore, the Board of Management should be given the authority to exclude, upon the approval of the Supervisory Board, the pre-emptive rights of the shareholders in order to grant the holders of conversion or option rights or the holders of mandatory convertible bonds the same pre-emptive rights which they would be entitled to if they were to exercise their conversion or option rights, or following fulfilment of a conversion obligation, as applicable. Instead of lowering the option or conversion price, this ensures that holders of option or conversion rights already existing at this point in time can be offered pre-emptive rights as anti-dilution protection. Equipping bonds with anti-dilution protection is standard market practice.

Bonds can also be issued against contributions in kind if this is in the interest of the Company. In such cases, the Board of Management shall be authorized to exclude the pre-emptive rights of the shareholder with the approval of the Supervisory Board as long as the value of the contribution in kind is appropriate in relation to the theoretical market value of the bonds as calculated using recognized mathematical principles. This makes it possible to use bonds in individual cases as acquisition currency, for example when purchasing companies, interests in companies, or other assets. In negotiations, there may be situations in which consideration is to be in a form other than cash. This option will increase the Company's competitive position with respect to potential acquisition targets and increase its flexibility to take advantage of acquisition opportunities while maintaining its liquidity levels. This can also be advantageous when optimizing the financing structure. The Board of Management will carefully examine each individual case to decide whether to make use of the authorization to issue bonds with conversion or option rights against contributions in kind under exclusion of pre-emptive rights. It will only do so if such an action is in the interest of the Company and thus of its shareholders.

The proposed Conditional Capital is needed to meet the obligations arising from the conversion or option rights issued with the bonds carrying conversion or option rights

or to fulfil obligations requiring conversion into shares of the Company, to the extent that the bonds were issued against cash. Other forms of fulfillment can also be used instead.

The obligations arising from conversion or option rights from bonds issued against contributions in kind cannot, however, be met from the Conditional Capital. In such cases, the Company must turn either to treasury shares or to an increase of capital stock against contributions in kind. For an increase of capital stock against contributions in kind, the Authorized Capital 2004/1, as proposed for resolution under item 5 of the agenda, will be available. The claims of the bondholders under the bond would be included as a contribution in kind, whereby the impairment review must also include confirmation of whether the claim is impaired and that the underlying contribution in kind was appropriate to the issue price.

The Board of Management will report on the extent to which it has made use of the authorization to issue bonds carrying conversion or option rights at the next Annual General Meetings following such issuance.

4. Report on Item 9 of the agenda regarding the exclusion of shareholders' preemptive rights in connection with the use of Company shares for other purposes

At previous Annual General Meetings, Allianz AG passed authorizing resolutions, the last of which will expire on October 28, 2004, regarding the repurchase of its own shares and their subsequent sale. This authorization should therefore be renewed.

Item 9 proposes authorizing the Company to repurchase its own shares in an amount of up to 10% of the current share capital. This may be done by the Company itself, by other companies controlled by the Company, or by third parties acting for the account of such companies or the account of the Company in the period up to November 4, 2005.

Pursuant to Sec. 71 par. 1 No. 8 of the German Stock Corporation Act, the shares may also be repurchased and sold in ways other than via a stock exchange. In addition to buying on a stock exchange, the Company should also be given the alternative to acquire Company shares by a public tender offer to the shareholders of the Company or by making a public invitation to tender shares. The principle of equal treatment set forth by the German Stock Corporation Act must thereby be observed. In this instance, the offerees may decide how many shares they wish to tender and, if a price range has been fixed, at what price.

The Company should also be given the option to offer as consideration shares of a listed company within the meaning of Sec. 3 par. 2 of the German Stock Corporation Act. Pursuant to this provision, a company is deemed to be a listed company if its shares are admitted to trading on a market which is regulated and supervised by state-recognized authorities, has regular trading and is directly or indirectly accessible to the general public. Thus, this provision allows the Company more flexibility than it would have if it were restricted to cash offers. At the same time, the Company would obtain the opportunity to dispose of its shareholdings. Correspondingly, shareholders could exchange their shares in Allianz AG for shares in other companies.

The acquisition of Company shares through a public tender offer or a public exchange offer must comply with the provisions of the German Takeover Act, if and to the extent applicable. Therefore, the Company will use its authorization to acquire its own shares through a public invitation to tender shares or to exchange shares only if and to the extent to which the provisions of the German Takeover Act are not violated.

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

The shares can be sold in ways other than through a stock exchange for cash under

exclusion of pre-emptive rights. These shares must be sold, however, at a price that is at the time of the sale not substantially below the market price of shares of the Company. This authorization makes use of the exclusion of pre-emptive rights provided for by Sec. 71 par. 1 No. 8 in conjunction with Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. As shares may be sold only at a price not substantially below the applicable market price, shareholders are duly protected against dilution. The final sales price of the Company's treasury shares will be determined shortly before the sale. The Board of Management will set any potential discount on the share's market price as low as possible, taking into account market conditions prevailing at the time of placement. The discount on the market price will in no event exceed 5% of the current market price. This authorization is, however, restricted pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act to the extent that the total number of shares issued under exclusion of pre-emptive rights shall not exceed 10% of the capital stock of the Company, neither at the time when this authorization takes effect nor at the time when it is exercised. In determining this 10%-limit, all shares must be included that are issued from authorized capital during the term of this authorization under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. Furthermore, shares issued or required to be issued to meet obligations arising from bonds carrying conversion or option

rights or conversion obligations must also be included in determining this 10%-limit, if these bonds were issued under exclusion of pre-emptive rights pursuant to Sec. 186 par. 3 sentence 4 of the German Stock Corporation Act. This limitation, and the fact that the sales price must be based on the market price, adequately protect the economic interests and voting rights of the shareholders. The shareholders have the option to maintain the percentage of their interest in the Company by buying Allianz shares on the stock exchange. This authorization is in the interest of the Company because it gives it more flexibility. It enables the Company, for example, to sell treasury shares to institutional investors or to target new investor groups.

The disposal of treasury shares may also be made against contributions in kind under exclusion of shareholders' pre-emptive rights. As a result, the Board of Management would be able to offer Company shares in appropriate cases as consideration for the acquisition of a company, interests in companies, or other assets. In negotiations, there are situations in which it is necessary to provide Company shares instead of cash as consideration. The ability to offer Company shares as consideration is advantageous when competing for attractive acquisition targets and increases flexibility when exploiting market opportunities to acquire companies, interests in companies or other assets, while at the same time conserving liquidity. This can be advantageous when optimizing the financing structure.

When determining the valuation ratios, the Board of Management will ensure that the interest of the shareholders are adequately protected and normally use the market price of the Allianz shares as a basis to assess the value of the shares offered as consideration. However, to prevent the results of prior negotiations from being called into question due to fluctuations in share prices, no fixed link to a market price should be established. Allianz AG will also have at its disposal the Authorized Capital 2004/I, which is to be approved by the Annual General Meeting on May 5, 2004 (see item 5 of the agenda), for the acquisition of companies, interests in companies, or other assets. In deciding on the method of obtaining shares to be used to finance such transactions, the Board of Management will be guided solely by the interests of the shareholders and of the Company.

The authorization is also intended to enable the Company to place its own shares for trading on foreign exchanges where it is not yet listed. The listing of Allianz shares on foreign exchanges widens its shareholder base abroad and enhances the demand for its shares as an investment.

Item 7 of the agenda for the Annual General Meeting on May 5, 2004 provides for an authorization of the Board of Management to issue bonds carrying conversion or option rights against contributions in cash or in kind. In order to fulfil the obligations resulting from the bondholders' rights to obtain Allianz shares, it may also be reason-

able to use, in part or in whole, treasury shares, rather than have a capital increase. This is also contained in the authorization.

The acquired Company shares may also be offered for sale to the employees of Allianz AG and its Group companies. This may be an economically viable alternative to a capital increase. Offering shares to the employees is in the best interest of the Company and its shareholders, because it enhances employee identification with the Company and encourages them to take responsibility for the Company. For treasury shares to be offered to employees, the shareholders' pre-emptive rights must be excluded. In determining the price to be paid by the employees, a customary discount on offers of shares to employees may be granted.

Finally, for the benefit of holders of bonds carrying conversion or option rights or conversion obligations, the authorization allows for the partial exclusion of shareholders' pre-emptive rights in the case of a sale of shares by offering them to the shareholders. This provides the alternative of granting to holders of already existing conversion or option rights a pre-emptive right instead of a reduction of the conversion or option price in order to protect them against dilution. To provide the bonds with this protection against dilution, shareholders' pre-emptive rights on these shares must be excluded.

The aforementioned possibilities of utilizing Company shares do not pertain only to shares purchased on the basis of this authorization, but also to shares acquired (pursuant to Sec. 71 par. 1 No. 8 of the German Stock Corporation Act) on the basis of authorizations granted by previous Annual General Meetings, and shares purchased by Group companies or pursuant to Sec. 71 d sentence 5 of the German Stock Corporation Act.

The Company may redeem treasury shares acquired on the basis of this authorization and previous authorizations without obtaining another resolution by the Annual General Meeting. This basically leads to a decrease in the capital stock. Alternatively, the Board of Management is authorized to carry out the redemption without changing the capital stock pursuant to Sec. 237 par. 3 no. 3 of the German Stock Corporation Act. In this case, the proportionate share in the capital stock of the remaining shares shall be increased pursuant to Sec. 8 par. 3 of the German Stock Corporation Act.

The Board of Management will report on the use of the authorization at the subsequent Annual General Meeting.

Munich, March 2004

The Board of Management

**Notice according to Sec. 128 par. 2
of the German Stock Corporation Act**

**5 Members of the Supervisory Board
of Allianz AG are also employees of the
following credit institution:**

Dresdner Bank AG

**2 Members of the Board of Management
of Allianz AG are also members of the
Supervisory Board of the following domestic
credit institution:**

Dresdner Bank AG (intra-group mandates)

**The following credit institutions were part
of the consortium which subscribed to
the most recent issuance of securities of
Allianz AG within the past five years:**

Dresdner Bank AG London Branch

Merrill Lynch International

Crédit Agricole Indosuez

RASFIN SIM S. P. A.

WestLB AG

We have not received information on participations of financial institutions in the Company, which must be reported pursuant to Section 21 of the German Securities Trading Act.

