

Annual General Meeting

of Allianz SE on May 2, 2007

Report of the

Chairman of the Board of Management

Michael Diekmann

Dear Shareholders,

In the name of my colleagues on the Board of Management, I should like to welcome you to the Annual General Meeting of Allianz SE in Munich. I should also like to extend a warm welcome to the members of the press who will be reporting on our meeting.

Your Allianz is able to look back on a successful year for 2006 in the first business year as a European Company. We have exceeded all the targets we set ourselves for the year and we have committed ourselves to a number of important milestones for the future. With the highest results achieved by a DAX-listed company in 2006, the first accounts prepared as Allianz SE are extremely satisfactory.

Fiscal year 2006

At 10.4 billion euros, the operating profit has reached a record level, as did net income for the year at 7 billion euros. Earnings per share have increased over the past two years by an average of 36% to more than 17 euros. The pleasing trend in the capital markets, below-average charges for claims from natural catastrophes, and a tax credit amounting to 500 million euros have all contributed to this performance.

However, the good results are mainly an expression of the progress that Allianz has made in operating business throughout all segments and business units around the world. We have significantly exceeded our medium-term goal set in 2004 to raise earnings each year by 10 percent and we have fulfilled our promises to you, our shareholders.

For this, I should like to extend my particular thanks to our nearly 170,000 Allianz employees and our sales partners. I should also like to acknowledge their achievement and successful commitment in times of many changes and challenges.

Dividend proposal

It is only right that the shareholders should participate in the sustained success of Allianz more than in previous years through the dividend. We are therefore submitting a proposal to you for increasing the dividend to 3.80 euros. Compared with the previous year, this represents a doubling of profit distribution to more than 1.6 billion euros.

This proposal is also intended to meet the competition in the area of dividends. As a leading financial services provider, it is our goal to convince you with an attractive dividend policy. Investors also rightfully expect us to return capital that we do not require to cover current and future risks or use for new investments.

Moreover, our dividend policy is intended to underscore our confidence in the ongoing development of Allianz. Our goal is to further increase the dividend and we are confident that the results generated in the future will make this possible.

I should now like to report to you on our business performance during the year 2006.

Dynamic growth in revenues

Right at the start, I should like to say that we cannot be satisfied with the performance of total revenues in the Group. At the same time, however, we must differentiate between the four segments of our business.

Business performance in **Asset Management** was extremely gratifying and this proved to be a guarantee for growth as in previous years. This growth was backed by the strong positioning of our funds in Europe and in the USA. We have also opened up attractive new markets – particularly in Asia.

The performance of the **Banking Business** has been equally gratifying. Dresdner Bank has embarked on a clear growth path, which is supported by all of its business divisions. Following difficult years, the bank now gives us reason to be delighted. We are confident that the realignment of Dresdner Bank has established a position that facilitates long-term growth and the necessary efficiency.

Growth remains difficult in the **Property/Casualty** business. A number of our core markets are saturated and growth in these markets is negligible. This leads to unjustified price erosion from an economic point of view.

We will be continuing our consistent underwriting policy in this environment and we will only expand our portfolio in markets and segments where profitability is good. The name of the game here is to attract new target groups with innovative ideas, first-class service and consistent customer orientation.

The decline in revenues in **Life and Health Business** is very disappointing. This segment is a growth market and by no means saturated, even in our core markets. However, this is where it is necessary to take a closer second look at performance. I should like to return to this issue later on when I look at the segments in more detail.

Double-digit growth in earnings

We have made a big leap when it comes to profit generated by the Group. The increase in operating profit to 10.4 billion euros is just as gratifying as the composition of this result. During the course of 2006, all the segments made a significantly increased contribution to earnings. The Property/Casualty business continues to remain extremely important in absolute terms. By

comparison, however, the earnings contributed by the other segments are continuing to grow, which is leading to a more balanced mix of earnings.

Property/Casualty

In the Property/Casualty business, we started from a high level of profitability and were able to continue the upward trend. The operating profit increased by 1.1 billion euros in a year-on-year comparison with 2005 and has risen by an average of 14 percent per year since 2004. The combined ratio, i.e. the percentage used for expenses and claims per euro, reached a top value at 92.9 percent.

A look at our competition shows that all the companies benefited from a low level of claims arising from natural catastrophes in 2006, in particular the American AIG. For many years now, Allianz has been reporting figures in this area that embody the quality of our business and the continuity of our underwriting policy. We benefit from our sustainability program, where we have organized an intensive operational exchange between our units. There is a great deal of potential that is being consistently addressed and enhanced under the leadership of our fellow board member Enrico Cucchiani.

Life/Health: Operating profit

Performance of profit in the Life/Health business has also been very good. The operating profit increased in 2006 by almost half a billion euros and has been rising by 20 percent annually since 2004. The effect of the sustainability program headed by our fellow board member Jean-Philippe Thierry is also beginning to emerge here. We are optimistic about the future development of Life/Health. The underlying core indicators are right, the funds invested with us are growing by more than 10 percent a year, and they represent long-term income in the future.

Life/Health: Revenues

However, in order to achieve a sustainable long-term increase in profits, we also have to grow new business in Life/Health because many policies that were signed in the past are now being paid out. At this point, I should like to address the setback in revenues for this segment in rather more detail.

One-off effects in the USA and Italy meant that we were unable to continue the growth achieved in previous years. After adjustment for these one-off effects, business in the Life/Health segment grew by 8 percent. This is primarily due to key life markets like France with growth of almost 10 percent, Germany with more than 6 percent and Korea with more than 10 percent.

In the **USA**, changes in supervisory regulation were primarily responsible for revenues falling back by more than 20 percent. An additional factor is that our company Allianz Life must now

realign itself as a large company following years of extremely rapid growth. We have already initiated this realignment by means of a revised product range, an expansion of our distribution partners, streamlining the processes in operations and the establishment of a new management team.

In **Italy**, we are confronted with quite different challenges. There, around 60 percent of life insurance policies are sold through banks. We have set up cooperations with Unicredito and Banco Antonveneta, which was taken over by ABN Amro recently. The two banking partners reduced our share in the life policies sold through their branch network in 2006. The result was that our revenues from distribution via banks fell by 15 percent and this was not fully compensated by our own distributors. We are counteracting the present situation by increasing the productivity of our own distribution channels, by adding Banca Cividale as another distribution channel in the area of banking, the introduction of innovative products and by merging our three Italian companies.

Overall, we are confident that the future will once again see us in a position to harmonize our growth rates in the USA and Italy with advances elsewhere in the Group, albeit that a decline in revenues in this segment – due to extremely high revenues in the USA during the first half of 2006 – will continue to affect us at least until the second half of 2007.

Banking Business

Next, I would like to talk about our banking business. In 2006, Dresdner Bank achieved the best operating profit in its history. While the level of earnings has been moving in the right direction for several years, progress is now also obvious in the quality of earnings. We achieved important milestones in 2006 regarding operating profit and efficiency measured by the cost-income ratio.

On the income side, all the sources of revenue went up, i.e. net interest income, commissions and the trading result. There is no unhealthy dependence on individual sales generators. This also holds true for the two lines of business operated by the bank, i.e. private and business clients on the one hand and corporate clients and investment banking on the other hand, both of which generated significant improvements in income and earnings. Following years of net reduction, provision for bad debts is normalizing at a low level. Overall, the quality of the credit portfolio increased once again.

Naturally, these results cannot conceal the fact that we need to catch up with our international competitors. We are geared to growth based on a clear profile, while maintaining a high level of cost and risk discipline, innovative products and above all a consistent meshing of Dresdner Bank with the Allianz Group.

Asset Management: Efficiency

We have again been able to raise the excellent results in Asset Management. Operating profit went up to almost 1.3 billion euros and increased by an average of 24 percent each year. Ten years after launching this segment, Asset Management is now a core business area for Allianz, and we are among the top 5 providers in the world.

The outstanding efficiency of our Asset Management forms the cornerstone of this success. The cost-income ratio has been achieving top values for many years now. This provides us with scope for investment in distribution, in qualified staff and in the expansion of markets.

Asset Management: Attractive products

Our Asset Management does not simply represent outstanding efficiency. It also has successful products. The increase in assets managed on behalf of third parties to 764 billion euros underscores the fact that customers have confidence in Allianz as an asset manager. This trust is based on an impressive year-on-year performance. There is also a success story to report here. 87 percent of our funds have performed better than their benchmark over a three-year period. In the case of fixed income funds, this rate has even been above 90 percent for some years. At present, 70 percent of our equity funds are also outperforming their benchmark, which provides us with a sound foundation for ongoing development.

Competitive comparison in 2006

A comparison with the after-tax results of our competitors demonstrates the huge advances that Allianz has made. In 2004 and 2005, we were still positioned in the middle of the field. In 2006, we made a great leap forward. Even if you deduct the tax credit of 500 million euros, we still outperformed our competitors based on the growth of our after-tax results. This has enabled us to move forward and join the leading players, thereby fulfilling the promise we made to you at the Annual General Meeting in 2004.

The picture for return on equity looks very much the same.

Return on equity

As a supplement to the absolute return shown beforehand, the return on equity shows the yield on the capital you provide. It also shows us how much capital our competitors have at their disposal.

On the left-hand side, the comparison of this return on equity demonstrates the improvements that Allianz has made over the past three years. On the right-hand side, it shows the position as opposed to our competitors. You can see that we have caught up with AIG as far as return on invested capital is concerned, thereby keeping another promise we made to you in 2004.

However, we also acknowledge that there is still room for improvement in comparison with other competitors.

Share price performance

The good results of Allianz have been acknowledged by the capital markets and had a positive impact on your share. Allianz is regarded as the company that has made the biggest operating improvements on an international comparison, and the outperformance of our share compared with the EuroSTOXX Insurance and key competitors reflects this assessment. With a share price of approximately 154 euros at the close of 2006 we have achieved precisely the share price that the analysts predicted a year ago.

Despite these gratifying share price gains, our share remains a buy for the majority of analysts. The perspective on the coming 12 months indicates that they expect a rise in the share price to 196 euros.

Market capitalization

The strong performance of our share means that we are enjoying ongoing success in the international competition for market capitalization.

Allianz is now the only German company among the group of most highly valued international financial service providers. This field is continually changing due to corporate performance and corporate mergers, but also due to the IPOs of new competitors. In 2006, it is particularly striking that four Chinese financial services providers managed to be among the top 11.

I think this view makes clear that we have moved forward and can continue moving closer to the top. But another thing is also very obvious: the advance requires more time and a massive effort before it is possible to move ahead of the field in this global environment. And that remains our aim. Because it is our ambition to work for a successful, well-known and strong company. Because we want to project a convincing profile: as an employer for the employees of today and tomorrow, as a partner for our customers, prospective customers and distribution units, and as an investment for our shareholders.

Ambitious targets

Our goals up until 2009 dictate the roadmap that we have outlined for the next three years. Starting from a profit base amounting to 10 billion euros after adjustment for the exceptionally low expenditure for natural catastrophes, we want to increase our operating profit by 10 percent each year up until 2009. In other words, we want to achieve an operating profit of more than 13 billion euros in 2009. If we are to reach this goal, all segments need to contribute by operating improvements and growth.

In **Property/Casualty** we want to permanently achieve a combined ratio of less than 94 per cent, even if claims from natural catastrophes start increasing again – unlike in 2006.

In **Life/Health**, we want to maintain the profit margin deriving from new business above 3 per cent and we intend to continue improving profitability through growth.

In the **Banking Business**, we want to increase the return on capital to 15 percent. In 2006, this return was 13.2 percent before restructuring costs. We need to continue working hard here on the revenue and cost side.

In **Asset Management**, we want to increase assets managed on behalf of third parties by 10 percent each year. This is a real challenge, and excellent performance by our fund managers remains the key to success.

We are optimistic that we can achieve the ambitious goals and bring in a similar result to today's in 2009. Naturally enough, this is subject to the caveat that no extraordinary circumstances come into play. Moreover, we want to go down this route on the basis of organic growth. No major acquisitions are currently planned. While we are not excluding transactions of that nature as a matter of principle, there are none on the horizon in the foreseeable future. This means that they should not form the basis for the targets we are presenting to you.

Ongoing optimization

Ladies and Gentlemen, it is not always easy to take the decisions that we are confronted with. And the reaction to our decisions is not always favorable. However, we are convinced that the course we are charting is correct, and the improvement in our competitive situation confirms this assessment.

This overview outlines our achievements since the last Annual General Meeting. I do not want to discuss all the items listed in detail. Rather, I should like to highlight the strategic thrusts that determine our actions.

Firstly: We need to grow and create sustainable value. With this aim in mind, we have launched an array of measures, ranging from our customer focus initiative, through systematic exploitation of mega-trends, which include climate and demographic change, to targeted investments in markets where we have not yet become fully established. We are continuing to pursue our new customer-focused approach and our strategy to provide the widest possible range of products from a one-stop shop.

Secondly: We need to become even more efficient. To this end, we have launched a series of reorganization projects, in the German insurance business, at Dresdner Bank, in Italy, in the USA, and in Eastern Europe. In addition, we are gearing ourselves to focus more intensively on

cross-location expertise. Optimizing our reinsurance programs and central coordination of our assets are areas of this nature.

In line with our announcement last Friday, we have also decided to gradually rationalize IT infrastructure by consolidating the West European units that have been hitherto organized along local lines. By consolidating the IT infrastructure, we are able to achieve a higher level of quality and security. At the same time, an optimized production environment will permit increases in the efficiency of IT operation. Both aspects represent an important contribution to improving competitiveness at Allianz.

Third thrust: We need to continue working to reduce complexity. The merger of Allianz with Italy's RAS and the conversion into a European company have moved us forward, and the changes in Germany have also proved beneficial. The takeover of our French subsidiary AGF is the next logical step.

In this connection, I should briefly like to talk about Allianz Leben. We were not successful with the takeover offer. Immediately after the offer was published, the share price rose higher than the offer. The market was expecting a markup. We did not comply, for what we believe are very good reasons. The price we offered was fair and appropriate. Therefore, we had to balance the interests of some shareholders who hold less than 10 percent of Allianz Leben and you, the shareholders of Allianz SE, who have provided us with capital to generate good results with. Ladies and Gentlemen, we decided to act in your interests. Unfortunately, the result we are now confronted with does not help anybody. But it does not affect our strategic alignment either and we can easily live with it.

AGF transaction

Ladies and Gentlemen. The deadline came and went on April 20. This was the date by which the minority shareholders of AGF were able to tender their shares. Why did we make this offer?

Since Allianz took a majority shareholding in 1998, AGF has been a constituent element of the Group. Almost 20 percent of our insurance-related revenues are generated by AGF. Its proportion of the Allianz operating profit is in a similar order.

As in the case of our subsidiary RAS, the existing structure of AGF as a listed company results in inefficiencies when it comes to corporate governance, the implementation of initiatives, and the optimization of our business and operating models. Efficient capital management is also impaired if decisions have to be made by the annual general meeting of a publicly-owned company. Against this background, there was absolutely no doubt as to "whether" we should integrate. Indeed, this step was anticipated following the merger with RAS.

The problem was that speculation about the full takeover then drove up the share price of AGF to very high levels at the beginning of the year. This process would have continued if we had not made an offer to the minority shareholders in January. Before taking this step, we carefully weighed up the pros and cons, for example compared with the alternative of buying back our own shares. However, we remain convinced that despite the short-term effects on the share price of a share buy-back of this nature, investment remains the commercially more effective solution for our shareholders.

Against the backdrop of our strong results for 2006, January was the right time to make our offer. This is because at that point it was possible to structure the offer in such a way that it was both fair and attractive for the AGF shareholders and geared towards creating value as far as you, the shareholders of Allianz SE, are concerned.

AGF transaction: Current status

This has been confirmed by the acceptance of the offer. Following the transaction, and taking into account the treasury shares held by AGF, the minority shareholders will only hold 4.6 percent of the equity capital. We can therefore launch the announced squeeze-out procedure in the near future, so as to take full control of AGF.

Italy: Bundling strengths

We also want to further reduce complexity in Italy where we are going to merge our three companies RAS, Lloyd and Allianz Subalpina. The first stages have already been carried out. The entire management has been appointed, the approval process for the merger of the three companies is well on its way.

The merger is the next logical step following the takeover of RAS. The new company will be one of the leading financial service providers in Italy. Our new position in Italy provides firm evidence that 1+1+1 can make much more than three, especially since the companies are a good fit. The products are characterized by complementary know-how, each company has different strengths in the core processes, and the distribution networks reflect a wide range of different regional focuses and a complementary mix of city and rural agencies.

The merger entails introducing the Allianz brand in Italy. This will result in the share of business generated globally under the Allianz brand increasing above 60 percent. The merger takes us closer to our goal – generating 80 percent of our revenues under the Allianz brand over the medium term. This will further enhance the effect of our investments in the Allianz brand.

Significantly simplified Group structure

Ladies and Gentlemen, I showed you a similar structural chart to this one last year. The simplifications that the integration of AGF will entail are now included. No other image provides a better illustration that Allianz is moving in the right direction: towards lean, efficient structures.

This now brings me to the topic of growth.

BRIC

The markets in Brazil, Russia, India and China, in short: BRIC, and the opportunities presented there, have been a big issue among investors over recent years. These markets offer very promising perspectives because they are growing significantly faster than the global economy overall. Our Asset Management also includes BRIC funds in the product range. Even more importantly: We are operating our own business units in these markets and can therefore influence growth directly.

Brazil is currently the world's ninth biggest economy. Allianz has grown here by an average of 20 percent in recent years and profits have doubled in the same period of time. And the prospects are good. By 2010, for example, we want to double the number of motor policies to one million.

Russia is one of the future growth markets for the insurance industry. The Russian insurance market today, with 145 million inhabitants, only generates premiums in the order of magnitude of Austria, which has 8 million inhabitants. In February, we took over the majority shareholding in Russian insurer Rosno which we have been supporting as a minority shareholder since 2001. During this period, the premium volume generated by the company has increased sixfold to 630 million euros, thereby making us the no. 3 among insurers in this market at present. We have continuously expanded distribution and the number of agents doubled in 2006 alone. Allianz is therefore well positioned to generate growth in an early phase of the market.

In **India**, economic development is proceeding even more rapidly than in Russia. This is also – and indeed particularly – the case for Allianz. Together with our partner, Bajaj, we are active in life and property insurance and we are ranked no. 2 in both segments. The figures speak for themselves. Each month, our two companies gain another 400,000 new customers, each month 5,000 agents are taken on. In 2006, we achieved the milestone of revenues amounting to 1 billion euros for the first time – just five years after we launched our operation there. By applying for a banking license, we want to further expand our activities in India.

Among the BRIC countries, **China** is the most dynamic market and has risen to number 4 in the global economy. In 2006, we also made huge strides forward in China. The key factor is our new partnership with ICBC, China's leading bank. This bank is quite simply a behemoth

with more than 150 million private customers and 2.5 million corporate customers, and almost 20,000 bank branches. Although the protracted licensing process has meant that to date, we have only been able to use a fraction of the branches as distribution channels, we have not only gained access to a huge number of customers, but also gained a reputation as a serious competitor in China.

Next 7

Besides the BRIC countries, the emerging economies with growth potential, the so-called “Next 11”, constitute another exciting investment trend. Allianz is also active in an emerging generation of markets. Our “Next 7” are located in Eastern Europe. We entered this region at a very early stage and now we are number 2 in terms of revenues, even taking the Number 1 position among international insurers. Eastern Europe is not simply experiencing strong growth, at a rate of 20 percent a year since 2004, it also happens to be very profitable.

In order to further enhance efficiency, we have opened up a service center in Bratislava that will take care of accounting for the entire region.

Globally diversified

All this progress underscores the fact that we are ideally positioned not just inside our traditional core markets but also outside of them. A chart of our revenue and operating profit distribution shows that the operations of Allianz are not simply well diversified across the segments, they are also diversified across the regions. This wide-ranging position allows the Group to focus on areas of business where profits can be generated. Thereby, we are less dependent on cyclical developments in individual markets.

This broadly based position is also the precondition to be able to offer solutions to customers across national and segment boundaries.

Growth potential beyond the individual segments

Our business model of the integrated financial services provider gives Allianz additional opportunities: through mutual penetration of customer portfolios and through integrated product ranges. In 2006, we continued along this route. This was accompanied by success in Germany, as demonstrated by the figures.

On the left-hand side, you can see that the importance of banking as a distribution channel is increasing. Allianz generated more than 13 percent of life business in Germany through Dresdner Bank. The share in property business amounts to almost 5 percent.

We have again achieved the goal of gaining 300,000 new banking customers through our agents. We believe that we will be able to welcome our millionth banking customer this year – acquired for Dresdner Bank by our agents.

The diagram in the center shows that there is still a great deal of potential on the route to integration. Dresdner Bank has 6 million customers in Germany, Allianz insurance companies have 20 million, Asset Management has 400,000. Only just under half a percent of our customers in Germany have products from all three providers. Although we are satisfied with the growth achieved, it is not enough – and we are confident that the perspectives as far as growth is concerned are excellent.

Banking agencies

The new distribution format for the banking agencies will take us another big step forward. This format entails locating banking specialists permanently in the agencies with the goal of providing customers with even better service across the board. The focus is on consultation, customers can access all banking services from opening an account, through to securities account management and taking out loans at the agency. The agencies also have a self-service terminal.

This means that the banking agencies are also a further development of our proven distribution models. Launched in February 2007, we are currently in a test phase which will include some 100 banking agencies. 1,000 are planned over the medium term.

Reactions to the new format are encouraging. There is a lot of demand from our agents who want to develop their agencies into banking agencies. This demonstrates that we are not the only ones who have been convinced by the concept. The agents in the regions have been won over, too – and they are independent entrepreneurs. The response in the press has also been interesting. They acknowledge the banking agencies as genuine competition for the banks and savings banks on the ground. We have a similar perspective on the matter.

Model agency

You might like to make use of the opportunity and take another look at the model agency that we have set up for you this year on our theme island here in the Olympiahalle. It provides you with a very concrete impression of the new distribution format and you will also find 10 expert banking and insurance advisers to answer any questions you may have.

The introduction of the new operating model that I presented to you in 2006 is all about growth and efficiency.

Target operating model

This operating model envisages bundling all activities that extend across the individual lines of business and only retaining specific product knowledge separately. The market manager is at the center of the model. He is the customers' representative within the company and his goal is to respond to customer demands more quickly across different lines of business. The customers' needs provide the momentum for everything else: The development of needs-oriented solutions across the lines of business, providing solutions through the distribution channels that customers select and want to use. And lean, service-oriented processing of product and claims processes.

On the basis of the customer-focused market manager, the operating model has developed the idea of the integrated financial services provider further. The focus here is also about providing holistic services for the customer, i.e. the aim is to meet customer demands extending beyond the confines of the lines of business.

Germany

The business model is at the center of the reorganization of our insurance activities in Germany, which has attracted a lot of media attention. This is where we have launched, or already adopted a large number of measures since the last Annual General Meeting.

The issues relating to codetermination have almost been dealt with. We have adopted a settlement of partial interests and the social compensation scheme, and we have come to an understanding about the concept with regard to our sites. All the changes required under company law, for example integration of Bayerische Versicherungsbank and Frankfurter Allianz or establishing the Beratungs- und Vertriebs-AG have been completed successfully. The concepts on the sites, structures and processes, as well as on jobs have been developed and implementation within our operating business is under way.

In 2007, we will see concrete results of the restructuring, when the two locations of Berlin and Leipzig start the pilot operation. In Leipzig, the first location specialized in telephone contact is starting up. The new postal reception center is being created in Berlin, where all letters, faxes and emails will be received from all over Germany. Letters which are not available digitally will be scanned there and distributed electronically. Once the operating model has been introduced at all locations by the end of 2008, it will be possible to convert up to 700,000 pages to digital form each day. Each incoming letter will be digitized and available for processing at the relevant customer support agency within 24 hours. This is a process that takes significantly longer today.

Ladies and Gentlemen, the reorganization demands a great deal from our employees and distribution partners. There is no doubt that the reorganization is the right route to take if Allianz

wants to fully live up to its claim of being a service and quality insurer. However, although there is really no controversy about this finding, the significant reduction in the number of jobs in administration and the migration to the “new world” are undoubtedly painful.

I do not intend to gloss over these very real difficulties. Naturally, we are confronted with enormous challenges, naturally employees are frustrated, and naturally there are complaints from customers and agents alike.

The contribution of all those involved in Germany deserves particular acknowledgement. Despite the fact that the changes have a very personal impact, operations are continuing and they are generally proceeding smoothly despite all the irregularities of the transition. Contrary to earlier predictions, business is also performing well. New life business has undergone strong growth. We have slightly expanded our portfolio of motor policies in a difficult market phase. During 2006, there has been a net gain of 44,000 additional customers opting for Allianz as an insurance partner.

In addition, our employees have also committed themselves to our initiatives in a large number of pilot projects. They have acted on a great deal of feedback from customers and developed ideas on how we can improve products and processes.

I should now like to provide a more in-depth elucidation of this with reference to a product innovation. It simultaneously underscores the huge benefits that an integrated service for customer requirements provides in a customer-focused operating model.

Schutzbrief55+

People over the age of 55 are one of the population groups which is growing and has above-average spending power at their disposal. That is why this age group is extremely important as a growth area – in Germany and in many other European and Asian countries.

The 55+ customer segment is generally speaking open to provision related issues. If we want to reach these customers ahead of our competitors, we need to develop innovative packages that are tailored exactly to their requirements. We have enclosed information on some new products for this target group in Germany with the documentation for this Annual General Meeting.

Starting in July of this year, we will be marketing an emergency cover policy entitled Schutzbrief55Plus. It integrates assistance, care and financial benefits for elderly people who want to remain in their own home if they have an accident, become ill or apply for the statutory care provision by professional carers. This cover is based on the desire that numerous surveys have identified as the key personal goal for many people: remaining independent, not being a burden on the family, and continuing to live at home for as long as possible.

Schutzbrief55+ illustrates the attraction of the integrated model: Customers want solutions. They are not interested in underwriting classes of insurance and internal structures. We are in a position to offer that – the holistic solution to meet all requirements that is comprised of proven models from different product companies.

1st quarter

Ladies and gentlemen, I now want to close my remarks on the 2006 fiscal year and proceed with a first indication for the first quarter of 2007. So far, we only have preliminary figures available. They will be presented in detail next week.

As expected, currency-adjusted revenues of 29.3 billion euros remained on the same level as last year. The weaker US dollar had a negative impact in this respect. While we once again enjoyed strong growth in the areas of banking and asset management, revenues in Property/Casualty remained on the same level as last year. The Life/Health business experienced a slight decrease in revenues. The first advances in Italy were overshadowed by the circumstance that we are up against a very high level of revenues in the USA during the first half of 2006, as I explained earlier. We will not be able to catch up in this respect until the second half of the year.

The operating profit increased by 7 percent to 2.87 billion euros. Despite the considerable claims burden of 340 million euros caused by the storm Kyrill, the Property/Casualty operating profit was only reduced by approximately 119 million euros. All other segments saw their operating profit increase.

We furthermore used the favorable development on the capital markets to realize additional gains from capital investments during the first three months of the 2007 business year. Partly as a result of this, net income for the quarter increased from 1.8 billion euros to 3.2 billion euros. Shareholders' equity increased by almost 2 billion euros to the current level of more than 52 billion euros.

Overall, therefore, we got off to a good start in 2007. The areas requiring action are clearly defined and we believe that our ambitious targets for the next three years remain feasible.

New departures for Allianz

I should now like to draw my conclusions. Your Allianz had a very successful first year as an SE in 2006, and it has made a good start into the fiscal year 2007. All segments and units are well positioned. They represent the stability and progress that Allianz has achieved overall. The challenges on the growth side are familiar and they are being addressed.

As far as future development is concerned, we are confident. And we are pleased that the markets have a similar perspective to our view.

Despite these successes, the transformation must continue, because we want to further expand our global strength. Our 3+One program will continue to be a key force in the changes that are about to take place, to enable us to achieve 3x10 – our goal of increasing the operating profit by 10 percent year-on-year by 2009. We are relying on you to continue following this process proactively.

With this in mind, I look forward to an exchange of views and I would like to thank you for your attention.

Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the euro / US dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The matters discussed herein may also be affected by risks and uncertainties described from time to time in Allianz SE's filings with the US Securities and Exchange Commission. The company assumes no obligation to update any forward-looking statement.

No duty to update

The company assumes no obligation to update any information contained herein.

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