

Remuneration Report

The information provided in the remuneration report should be considered part of the Group Management Report.

Board of Management remuneration

The remuneration of the Board of Management consists of fixed and variable pay components and it is designed to support sustained value-oriented management performance. To achieve this objective a significant portion of overall remuneration is variable. It is a three tier incentive system which includes short-term and mid-term cash bonus plans and equity related long-term incentives. The overall remuneration of individual Board Members is dependent upon their delegated role and accountability, individual performance, achievement of the financial goals of the Allianz Group and of the respective business unit, as well as the evolution of the Allianz SE share price. The remuneration of the Board of Management is set by the Personnel Committee of the Supervisory Board. The Personnel Committee is committed to a remuneration policy that is aligned to the interests of shareholders taking into consideration the competitive environment and the global market place in which the company operates. The structure of remuneration is regularly reviewed and discussed at the Supervisory Board.

The remuneration components of the Board of Management are described below:

Fixed salary

Base salary is a fixed amount which is normally reviewed every 3 years and reflects the individual's role as well as the market context. The salary is paid in twelve monthly installments. The 2007 base pay levels of the Board of Management are shown on page 17.

Performance-based remuneration

To achieve an appropriate balance of components linked to short term financial performance and those linked to long-term success and shareholder value creation a three-tier incentive system has been put in place. An overview is set out below:

Three-tier incentive system

Annual bonus (short-term)	Three-year bonus (mid-term)	Equity-related remuneration (long-term)
Goal category	Goal category	Goal category
Allianz Group financial goals	EVA-objectives over three-year performance period	Sustained increase in share price
Business division financial goals	Allianz Group financial goals and strategic objectives	
Individual objectives	Business division financial goals and strategic objectives	
	Individual strategic objectives	

Short-Term and Mid-Term bonus plans

All members of the Board of Management are eligible to participate in the annual (short-term) and three-year (mid-term) bonus plans.

Annual bonus

The annual bonus is dependent on the achievement of annual goals. These include financial targets set at Group or business division level as well as personal objectives. Performance against these goals is assessed at the end of the annual performance period with the amount of bonus payable depending on the extent to which the targets and objectives have been met. The Personnel Committee sets the target bonus level for members of the Board of Management. For 2007 the target bonus amounts to 150.0% of base salary. The maximum achievement is set at 165.0% of target performance.

Details of the annual bonus amounts paid to each member of the Board of Management are shown in the Remuneration table on page 17.

Three-year bonus

The three-year or mid-term bonus plan was designed to make the continuous increase in value of the company a priority concern of executive management across the Group. Plan participants are the Board of Management and approximately 100 top managers globally. Bonus payouts under the plan depend on the attainment of financial and strategic goals over the defined three-year performance period. The mid-term bonus is granted at the end of the defined three year performance period and the amount is based on the overall achievement for the three years. Certain exceptions apply, for example in the event of retirement. Although an interim assessment of the objectives takes place once a year, these projections are only provisional and informative in nature. Mid-term bonus target levels for members of the Board of Management are set by the Personnel Committee. For the 2007 – 2009 plan, the target bonus amounts to approximately 128.0% of base salary over the three-year performance period. The maximum achievement is set at 140.0% of target performance. Details of the mid-term bonus amounts accrued for each member of the Board of Management are shown on page 17.

In exceptional circumstances, the Personnel Committee can decide to award bonuses moderately above maximum level. It can also decide to reduce bonuses where warranted and in exceptional circumstances could reduce them to zero. Any material exercise of discretion outside the maximum range will be explained in the Remuneration Report.

Equity-related remuneration

The Board of Management and approximately 800 top managers and high performing future leaders worldwide participate in the Group Equity Incentives (GEI) program. This consists of virtual stock options, known as Stock Appreciation Rights (SAR) and virtual stock awards, known as Restricted Stock Units (RSU).

The number of SAR and RSU awarded to the members of the Board of Management is dependent upon the discretionary decision of the Supervisory Board based on their designated role and the performance of the Group and their respective business division. The value of the GEI program granted in any year cannot exceed the sum of base salary and the annual target bonus.

The SAR have a vesting period of two years and subject to the performance conditions mentioned below, they may be exercised during the following five years as set out in the rules of the plan. They lapse unconditionally at the end of the seven year term. To align the interests of management with those of shareholders the Personnel Committee has set two performance conditions for the exercise of the SAR. These are directly linked to the performance of Allianz SE stock. The conditions consist of a relative measure linked to the Dow Jones EURO STOXX Price Index (600) and an absolute measure requiring a set increase in the price of Allianz SE stock over the period between grant and exercise. Also, the program has a cap of 150.0% of the grant price on the potential payout from SAR exercises in recognition of the leverage profile. To encourage long term value creation the RSU have a vesting period of five years, at the end of which they are automatically released as set out in the rules of the plan.

Miscellaneous

The members of the Board of Management also receive perquisites. These consist of contributions to accident and liability insurances and the provision of a company car and, where applicable, a travel allowance for non-resident Board Members. Each member of the Board of Management is responsible for income tax on these perquisites. For 2007 the total value of the perquisites amounted to € 0.5 million.

The following table sets out the total fixed remuneration, perquisites and annual bonus. For reasons of transparency, the proportional bonus accrued for each member of the Board of Management of Allianz SE for the first year of the three-year bonus plan 2007 – 2009 is shown in the remuneration table:

Board of Management	Fixed salary		Perqui- sites ¹⁾	Total non-performance- based remuneration		Annual bonus ²⁾		Three-year bonus ³⁾	
	2007	Change from previous year		2007	2007	Change from previous year	2007	Change from previous year	2007
	€ thou	%	€ thou	€ thou	%	€ thou	%	€ thou	%
Michael Diekmann (Chairman)	1,050	—	24	1,074	(1.5)	2,046	(8.0)	472	3.1
Dr. Paul Achleitner	700	—	13	713	(1.7)	1,416	(10.1)	310	0.6
Clement B. Booth	700	—	78	778	4.6	1,218	(17.5)	318	(7.8)
Jan R. Carendi ⁴⁾	700	—	16	716	0.1	1,102	(15.7)	255	(10.5)
Enrico Cucchiani	700	—	118	818	14.7	1,261	(15.3)	346	(3.4)
Dr. Joachim Faber	700	—	20	720	0.6	1,245	(11.0)	312	5.4
Dr. Helmut Perlet	700	—	20	720	(1.5)	1,469	(2.6)	311	(1.3)
Dr. Gerhard Rupprecht	700	—	34	734	2.7	1,217	(18.9)	322	(2.4)
Jean-Philippe Thierry	700	—	77	777	7.8	1,245	(13.4)	312	(11.6)
Dr. Herbert Walter	700	—	45	745	1.6	923	(32.3)	175	(51.8)
Dr. Werner Zedelius	700	—	14	714	0.0	1,363	(13.2)	348	18.4
Total	8,050	—	459	8,509	2.3	14,505	(13.9)	3,481	(6.0)

¹⁾ Broad range reflects travel allowances for non resident Board Members.

²⁾ Actual bonus paid in 2008 for fiscal year 2007.

³⁾ Estimated amount for 2007 following interim assessment - the actual performance assessment can only take place at the end of the three-year period.

⁴⁾ Retired from Board of Management on December 31, 2007. For three-year bonus actual proportional amount paid in 2008.

For the 2004 – 2006 three-year bonus plan the total amount paid to the Board of Management in 2007 was € 9.7 million. The amounts paid to each member were accrued over the three-year performance period and disclosed in the relevant remuneration tables in the 2004, 2005 and 2006 annual reports.

The following table sets out the details of all awards made under the GEI program of equity-related remuneration in 2007 for each member of the Board of Management.

Board of Management	Number of SAR granted	Number of RSU granted	Fair value of	Fair value of	Total	
			SAR awards at date of grant	RSU awards at date of grant	2007	Change from previous year
	2007	2007	2007	2007	€ thou	%
			€ thou	€ thou	€ thou	
Michael Diekmann (Chairman)	15,065	7,582	588	1,020	1,608	5.2
Dr. Paul Achleitner	10,044	5,054	392	680	1,072	2.0
Clement B. Booth	10,044	5,054	392	680	1,072	13.9
Jan R. Carendi	10,044	5,054	392	680	1,072	13.9
Enrico Cucchiani	10,044	5,054	392	680	1,072	11.3
Dr. Joachim Faber	10,044	5,054	392	680	1,072	10.4
Dr. Helmut Perlet	10,044	5,054	392	680	1,072	10.2
Dr. Gerhard Rupprecht	10,044	5,054	392	680	1,072	10.9
Jean-Philippe Thierry	10,044	5,054	392	680	1,072	14.7
Dr. Herbert Walter	10,044	5,054	392	680	1,072	(47.6)
Dr. Werner Zedelius	10,044	5,054	392	680	1,072	6.6

The GEI awards are accounted for as cash settled plans by the Allianz Group. Therefore, the Allianz Group accrues the fair value of the GEI awards as compensation expense over the vesting period. Upon vesting, any changes in the fair value of the unexercised SARs are recognized as compensation expense. The GEI compensation expense in 2007 amounted to, in € thousand, for Mr. Diekmann 1,626, for Dr. Achleitner 1,212, for Mr. Booth 660, for Mr. Carendi 966, for Mr. Cucchiani 981, for Dr. Faber 1,128, for Dr. Perlet 1,136, for Dr. Rupprecht 1,112, for Mr. Thierry 456, for Dr. Walter 2,864 and for Dr. Zedelius 1,039.

SAR can be exercised once the two-year vesting period has expired on the condition that the Allianz SE stock price is at least 20.0% above the price at which the SAR were granted (strike price). Also, the price of the stock must have exceeded the Dow Jones EURO STOXX Price Index (600) over a period of five consecutive trading days at least once during the plan period. The RSU are released on the first trading day after the end of a five-year vesting period.

The total remuneration of the Board of Management for fiscal year 2007 amounted to € 39 million (2006: € 41 million).

Remuneration for Allianz Group mandates and for mandates from outside the Allianz Group

If a member of the Board of Management holds a mandate in another company the full compensation amount is transferred to Allianz SE if the company is owned by Allianz. If the mandate is from a company outside the Allianz Group, 50.0% of the compensation received is normally paid to Allianz SE. The compensation paid by companies outside the Allianz Group is shown in the Annual Reports of the companies concerned.

For a list of Supervisory Board mandates in companies outside the Allianz Group see page 256.

Pensions and similar benefits

The pension agreements for members of the Board of Management up to 2004 provided for retirement benefits of a fixed amount that were not linked to the increases in salary or variable pay. With effect from 2005, Allianz SE changed from this defined benefit arrangement to a contribution-based system. The respective pension rights that existed at that point in time were frozen. As a result of the change, since 2005, annual contributions have been made by the Company instead of the former increase amendments. Interest is accrued on the contributions with a minimum guaranteed rate of 2.75% per annum. Should the net annual return from the invested contribution exceed 2.75% the full increase in value is credited to the members the same year. The company reviews the level of contributions annually. The contribution payments are guaranteed only as required for further regular financing of accrued pension rights resulting from defined benefit promises existing on December 31, 2004. In the case of an insured event, the accumulated capital is converted to equivalent annuity payments which are then paid out for the rest of the member's life or if applicable to dependents. The increase in reserves for pensions (current service cost) includes the required expenditures for further financing of accrued pension rights as well as the contribution payments for the new contribution-based system.

When a mandate of a member of the Board of Management ends, a pension may become payable at the earliest upon reaching the age of 60, except for cases of occupational or general disability for medical reasons, or in case of death whereby a pension becomes payable to the dependents. If the mandate is terminated for other reasons before retirement age has been reached, a pension promise is maintained if non-forfeitable. This does not include, however, a right to pension payments beginning immediately.

The Allianz Group paid € 4 million (2006: € 4 million) to increase pension reserves and reserves for similar benefits for active members of the Board of Management. On December 31, 2007, pension reserves and reserves for similar benefits to members of the Board of Management who were active at that date, amounted to € 25 million (2006: € 23 million).

The following table sets out the current service cost and contributions arising in relation to the current pension plans according to IAS 19, excluding the current service cost for the old pension plan redeemed as of December 31, 2004 for each individual member of the Board of Management of Allianz SE in 2007.

Board of Management	€ thou	Board of Management	€ thou
Michael Diekmann (Chairman)	299	Dr. Helmut Perlet	208
Dr. Paul Achleitner	183	Dr. Gerhard Rupprecht	182
Clement B. Booth	259	Jean-Philippe Thierry	477
Jan R. Carendi	0	Dr. Herbert Walter	198
Enrico Cucchiani	310	Dr. Werner Zedelius	210
Dr. Joachim Faber	214		

The additional current service cost in 2007 according to IAS 19 for the frozen pension plan amounted to, in € thousand, for Mr. Diekmann 162, for Dr. Achleitner 246, for Dr. Faber 134, for Dr. Perlet 0, for Dr. Rupprecht 175, for Dr. Walter 326 and for Dr. Zedelius 85.

Termination of service

The Supervisory Board has decided to amend the service contract for members of the Board of Management for future appointments and prolongations to comply with a new suggestion of the German Corporate Governance Code regarding a severance payment cap. According to this amendment, payments made to members of the Board of Management in case of premature termination of the service contract without serious cause will be limited to a maximum of the value of two years cash compensation including benefits.

Members of the Board of Management who leave the Board after serving a term of at least five years are entitled to a transition payment for a period of six months. The amount payable is calculated on fixed salary and a proportion of the annual target bonus and it is paid in monthly installments.

If service is terminated as a result of a so-called “change of control”, the following separate regulation applies:

A change of control requires that a shareholder of Allianz SE acting alone or together with other shareholders holds more than 50.0% of voting rights in Allianz SE. If the appointment of a member of the Board of Management is unilaterally revoked by the Supervisory Board as a result of such a change of control within a period of twelve months after the event, or if the member terminates service by resignation due to a substantial decrease in managerial responsibilities and, without giving cause for termination, all contracted benefits will be payable in the form of a lump-sum for the duration of the employment contract. The amount to be paid is based on the fixed salary at the time of the change of control, the annual and current three-year bonus, in each case discounted according to market conditions at the time of payment. A target achievement of 100.0% is the basis for the annual and three-year bonus. If the remaining duration of the service contract is not at least three years at the time of change of control, the lump-sum payment in respect of fixed salary and annual bonus is increased to correspond to a term of three years. If the member reaches the age of 60 before the three years have elapsed, the lump-sum payment decreases correspondingly. For the equity-based remuneration the member is treated as having retired. These regulations are also effective if the Board of Management mandate is not extended within two years after the change of control.

For other cases of early termination of appointment to the Board of Management, service contracts do not contain any special rules.

Benefits to retired Members of the Board of Management

In 2007, remuneration and other benefits of € 5 million (2006: € 4 million) were paid to retired members of the Board of Management and dependents. Additionally, reserves for current pensions and accrued pension rights totaled € 49 million (2006: € 52 million).

Supervisory Board remuneration

Remuneration system

The remuneration of the Supervisory Board is based on the scale and scope of the company, the functions and responsibilities of the members of the Supervisory Board and the financial situation of the company. The relevant provisions are contained in § 11 of the Statutes of Allianz SE. The remuneration was decided at the General Meeting.

Three components make up the Supervisory Board's remuneration: a fixed sum of € 50,000 and two performance-based components. One of the performance-based components has a short-term focus and depends on the increase of consolidated earnings-per-share in the previous fiscal year; the other is long-term and corresponds to the cumulative increase of this figure over the past three years.

The maximum sum for each of the two variable remuneration components is € 24,000. This means that with the fixed sum of € 50,000 the maximum total regular compensation for a Supervisory Board member amounts to € 98,000. This maximum amount is achieved when the previous year's earnings-per-share has risen by 16.0% and when this indicator has further improved by a total of 40.0% or more over the last three years. If there has been no improvement in Corporate earnings-per-share during the relevant period (i.e. the past fiscal year or the past three years), no performance-based remuneration will be awarded.

The structure of the Supervisory Board's remuneration was ratified by the Annual General Meeting in 2005; on the conversion of Allianz AG into Allianz SE in 2006 it was adopted without changes. It complies with the recommendation or suggestion of the German Corporate Governance Code under which members of the Supervisory Board shall receive fixed as well as performance-based compensation that

should contain components based on the long-term performance of the business. We believe that this form of the Supervisory Board's remuneration has proven to be effective, and that the earnings-per-share performance measure is appropriate for the calculation of the performance-based remuneration of the Supervisory Board.

The Chairperson and Deputy Chairpersons of the Supervisory Board as well as the Chairperson and members of its committees receive additional remuneration as follows: The Chairperson of the Supervisory Board receives double, the deputies one-and-a-half times the regular remuneration of a member of the Supervisory Board. Members of the Personnel Committee, Standing Committee and Risk Committee receive an additional 25.0%, and the Chairpersons of each of these committees 50.0%. Members of the Audit Committee are entitled to a fixed sum of € 30,000 per year, the Committee Chairperson receives € 45,000. No additional remuneration is granted to the members of the Nomination Committee.

There is a cap on the total remuneration of each member of the Supervisory Board. It is reached when the Chairperson of the Supervisory Board has been awarded triple and the other members of the Supervisory Board double the regular remuneration of a member of the Supervisory Board.

The members of the Supervisory Board receive a € 500 attendance fee for each Supervisory Board or committee meeting that they attend in person. This sum remains unchanged if several meetings occur on one day or when various meetings are held on consecutive days. The total expenditure for attendance fees in 2007 amounted to € 33,000.

Performance-based remuneration

The Group's earnings-per-share increased by 5.34% compared to 2006 and by 96.45% in relation to the financial year 2004. This meant that the regular remuneration for the short-term performance-based component for each member of the Supervisory Board amounted to € 8,100 and the long-term performance-based component to € 24,000.

Remuneration of the Supervisory Board of Allianz SE

Supervisory Board	Fixed remuneration €	Performance-based remuneration		Committee remuneration (may be capped) €	Total remuneration (may be capped) €
		short-term €	long-term €		
Dr. Henning Schulte-Noelle (Chairman)	100,000	16,200	48,000	82,100	246,300
Dr. Gerhard Cromme (Deputy Chairman)	75,000	12,150	36,000	41,050	164,200
Claudia Eggert-Lehmann (Deputy Chairwoman)	75,000	12,150	36,000	41,050	164,200
Dr. Wulf H. Bernotat	50,000	8,100	24,000	50,525	132,625
Jean-Jacques Cette	50,000	8,100	24,000	30,000	112,100
Godfrey Robert Hayward	50,000	8,100	24,000	20,525	102,625
Dr. Franz B. Humer	50,000	8,100	24,000	20,525	102,625
Prof. Dr. Renate Köcher	50,000	8,100	24,000	20,525	102,625
Peter Kossubek (since May 2, 2007)	33,334	5,400	16,000	13,684	68,418
Igor Landau	50,000	8,100	24,000	30,000	112,100
Jörg Reinbrecht	50,000	8,100	24,000	30,000	112,100
Margit Schoffer (until May 2, 2007)	20,834	3,375	10,000	8,553	42,762
Rolf Zimmermann	50,000	8,100	24,000	20,525	102,625
Total	704,168	114,075	338,000	409,062	1,565,305

Remuneration for mandates in other Allianz Group subsidiaries

As members of the Supervisory Board of Dresdner Bank AG Claudia Eggert-Lehmann received € 45,000 and Margit Schoffer € 45,000. Peter Kossubek received € 40,000 as member of the Supervisory Board of Allianz Versicherungs-AG.

Loans to members of the Board of Management and Supervisory Board

Loans granted by Dresdner Bank AG and other Allianz Group companies to members of the Board of Management and Supervisory Board totaled € 71,451 on the date of balance (December 31, 2007). Loans are provided at standard market conditions or at the conditions as applied to employees. The repaid amounts of loans amounted to € 27,361 in 2007. Moreover, overdraft facilities were granted to members of the Board of Management and Supervisory Board as part of existing account relationships, likewise corresponding to conditions according to market standard or those applied to employees.