

**Merger of Allianz Aktiengesellschaft
and
RIUNIONE ADRIATICA DI SICURTÀ
Società per Azioni
into Allianz SE
- Merger Documentation of Allianz
Aktiengesellschaft -**

CONTENTS

PART A

Merger Plan	Page 3
--------------------	---------------

PART B

Merger Report of the Board of Management of Allianz Aktiengesellschaft	Page 42
---	----------------

PART C

Audit Report of the Allianz Merger Auditor	Page 226
---	-----------------

NOTE:

This document is an English translation of the German merger documentation of Allianz Aktiengesellschaft. The translation is exclusively for convenience purposes. Only the original language documents are authoritative and binding.

PART A
Merger Plan

with Annexes:

Annex I: Statutes of Allianz SE

Annex II: Publication pursuant to Art. 21 SE Regulation

MERGER PLAN

Merger Plan

for the merger

between Allianz Aktiengesellschaft, Königinstr. 28, D-80802 Munich, Germany

– hereinafter also "Allianz AG" or "Acquiring Company" –

AND

**RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni,
Corso Italia 23, Milan, Italy**

– hereinafter also "RAS" or "Transferring Company" –

Preamble

Allianz AG is a stock corporation under German law, registered in the commercial register (*Handelsregister*) at the Local Court of Munich, Germany, under HRB 7158, with its registered office in Munich, Germany. Its share capital (*Grundkapital*) amounts to EUR 1,039,462,400 and is divided into 406,040,000 no-par value shares ("Allianz Shares"). Pursuant to Art. 2 para. 2 of the articles of association of Allianz AG the Allianz Shares are registered shares and can only be transferred with the consent of the company which consent may only be withheld if Allianz AG deems this necessary for exceptional grounds in the interest of the company. Other kinds of shares of Allianz AG, in particular preferred shares (*Vorzugsaktien*), do not exist.

Allianz AG is the holding company of the Allianz group ("Allianz Group") which operates in the areas of insurance, banking, asset management and other financial, consulting and similar services.

RAS is a stock corporation under Italian law (*Società per Azioni*) registered in the company register (*Registro delle Imprese*) of Milan, Italy, under No. 00218610327, having its registered office in Milan, Italy. Its share capital (*Capitale Sociale*) amounts to EUR 403,336,202.40, which is divided into 670,886,994 ordinary shares with voting rights (*Azioni Ordinarie*) ("RAS Ordinary Shares") and 1,340,010 savings shares without voting rights issued to the bearer (*Azioni di Risparmio*) ("RAS Savings Shares"), all having a par value of EUR 0.60.

Allianz AG held an interest in RAS prior to the announcement of the combination of the two companies described hereinafter for several years in an amount of 372,438,983 of the RAS Ordinary Shares, representing approximately 55.51 % of the RAS Ordinary Shares.

Both the Board of Management of Allianz AG (*Vorstand*) and the Board of Directors (*Consiglio di Amministrazione*) of RAS have decided on September 8 and 11, 2005 to combine both Allianz AG and RAS in a European Company (*Societas Europaea*) ("SE"). This shall be effected by merging RAS into Allianz AG whereby in the course of the merger Allianz AG adopts the legal form of an SE.

As a first step of such combination, Allianz AG launched a voluntary cash tender offer to the shareholders of RAS. In the course of this voluntary cash tender offer, Allianz AG has acquired 139,719,262 RAS Ordinary Shares and 328,867 RAS Savings Shares with the effect that, including the RAS Ordinary Shares already held, Allianz AG now holds 512,158,245 RAS Ordinary Shares, representing approximately 76.3 % of RAS's share capital issued in the form of RAS Ordinary Shares and 76.2 % of RAS's total share capital. Together with the RAS Savings Shares acquired outside the cash tender offer Allianz AG holds 954,788 RAS Savings Shares, representing approximately 71.3 % of RAS's share capital issued in the form of RAS Savings Shares and 0.1 % of RAS's total share capital.

As another preparative measure of the combination, RAS will prior to the effectiveness of the merger hive-down its business into a wholly-owned subsidiary, operating under the name RAS Italia S.p.A. (in the future RAS S.p.A.) with its registered office in Milan, Italy. This ensures that the insurance business so far operated directly by RAS, will not be transferred to Allianz AG upon the effectiveness of the merger. The interest of RAS in

RAS INTERNATIONAL N.V., Amsterdam, as well as the minority interests of RAS in Koç Allianz Sigorta A.S., Istanbul, Koç Allianz Hayat ve Emeklilik A.S., Istanbul, and Companhia de Seguros Allianz Portugal S.A., Lisbon, are excluded from the hive-down. Furthermore, several tax claims and tax liabilities, several assets and liabilities related to certain administrative functions, as well as approximately 60 employees are retained by RAS.

In connection with the merger, both holders of RAS Ordinary Shares and RAS Savings Shares who either do not participate in the resolutions in the RAS extraordinary shareholders' meetings resolving upon the merger or who vote against the merger, have a right to dispose of their shares against cash prior to the effectiveness of the merger. According to Art. 2437 *et seq.* of the Italian Civil Code (*Codice Civile*), the cash exit liquidation value will be determined by the average closing prices on the Italian stock exchange during the last six months preceding the publication of the invitations to the extraordinary RAS shareholders' meetings. These invitations have been published on September 27, 2005, so that, on the basis of the accordingly determined average of the closing prices, the cash exit price is EUR 16.72 per RAS Ordinary Share and EUR 24.24 per RAS Savings Share. As far as the cash-exit right is exercised, the number of shares in RAS held by Allianz AG can still increase prior to the effectiveness of the merger (see also Section 5.2).

Now, therefore, Allianz AG and RAS agree as follows:

SECTION 1

Merger of RAS into Allianz AG

RAS shall be merged into Allianz AG (as Acquiring Company) by way of merger by acquisition without liquidation pursuant to Art. 17 para. 2 lit. a) of Council Regulation (EC) No. 2157/2001 of October 8, 2001 (hereinafter “**SE Regulation**”). Upon effectiveness of the merger all assets and liabilities of RAS shall be transferred to Allianz AG, RAS shall cease to exist and Allianz AG shall adopt the legal form of an SE. Allianz AG shall issue new Allianz Shares to the holders of RAS Ordinary Shares and RAS Savings Shares according to the terms and conditions of this merger plan.

SECTION 2

Effectiveness of the Merger, Merger Effective Date

- 2.1 The merger shall become effective with its registration in the commercial register at the registered office of Allianz AG (*cf.* Art. 27 para. 1 SE Regulation).
- 2.2 For accounting purposes, the acquisition of the assets and liabilities of RAS shall occur with effect as of the beginning of January 1 of such year in which the merger becomes effective upon registration in the commercial register at the registered office of Allianz AG. From this time on, all actions and transactions of RAS and Allianz AG shall be deemed for accounting purposes as being those of Allianz SE (*merger effective date*).
- 2.3 The Board of Management of Allianz AG will ensure that the registration of the merger in the commercial register at the registered office of Allianz AG will take place only after the payment of dividends, if any, of Allianz AG and RAS, respectively, for the fiscal year, which precedes the effectiveness of the merger.

SECTION 3
European Company (SE)

- 3.1 Upon registration of the merger in the commercial register at the registered office of Allianz AG, according to Art. 17 para. 2 sentence 2 and Art. 29 para. 1 lit. d) of the SE Regulation, Allianz AG adopts *ipso iure* the legal form of an SE.
- 3.2 The company name of the SE shall be “Allianz SE”.
- 3.3 Registered office of Allianz SE shall be Munich, Germany.
- 3.4 Allianz SE shall be given the statutes attached hereto as **Annex I**. Thereby, at the time of the change of legal form of Allianz AG into a *Societas Europaea*:
- (i) the amount of the share capital set forth in Section 2 para. 1 of the statutes of Allianz SE shall correspond to the share capital displayed in Section 2 para. 1 of the articles of association of Allianz AG,
 - (ii) the amounts of the authorized capitals pursuant to Section 2 para. 3 and 4 of the statutes of Allianz SE, shall correspond respectively, to the amounts of the still remaining authorized capitals pursuant to Section 2 para. 3 and 4 of the articles of association of Allianz AG, and
 - (iii) the amount of the conditional capital pursuant to Section 2 para. 5 and the amount of the conditional capital pursuant to Section 2 para. 6 of the statutes of Allianz SE, shall correspond respectively, to the amounts stated in Section 2 para. 5 and Section 2 para. 6 of the articles of association of Allianz AG, provided, however, that the statutes of Allianz SE shall only provide for a conditional capital in Section 2 para. 6 in case that the creation of a conditional capital pursuant to agenda item 5 of the extraordinary general meeting of Allianz AG on February 8, 2006 in Section 2 para. 6 of the articles of association of Allianz AG, has become effective at the time of the effectiveness of the merger.

To this end, the Supervisory Board of Allianz SE is authorized and also instructed to accordingly adjust the wording (*Fassung*) of the draft statutes of Allianz SE in accordance with the preceding sentence.

Allianz AG and RAS agree that upon effectiveness of the merger by registration in the commercial register at the registered office of Allianz AG, only the German version of the statutes of Allianz SE shall be binding due to the reliance function (*Publizitätsfunktion*) of the commercial register.

SECTION 4

Hive-down of the business of RAS into RAS Italia S.p.A.

- 4.1 Prior to the effectiveness of the merger, RAS shall hive-down its business into RAS Italia S.p.A. (in the future RAS S.p.A.), a wholly-owned subsidiary of RAS, and shall propose to its extraordinary shareholders' meeting (*Assemblea Straordinaria*) of holders of RAS Ordinary Shares a corresponding amendment to the corporate purpose of RAS. The interest of RAS in RAS INTERNATIONAL N.V., Amsterdam, as well as the minority interests of RAS in Koç Allianz Sigorta A.S., Istanbul, Koç Allianz Hayat ve Emeklilik A.S., Istanbul, and Companhia de Seguros Allianz Portugal S.A., Lisbon, are excluded from the hive-down. Moreover several tax claims and tax liabilities, several assets and liabilities related to certain administrative functions, as well as approximately 60 employees are retained by RAS.
- 4.2 The Board of Management of Allianz AG and the Board of Directors of RAS shall ensure that the registration of the merger in the commercial register at the registered office of Allianz AG will only occur after the effectiveness of the hive-down according to Section 4.1.

SECTION 5

Cash Exit Right of RAS Shareholders

- 5.1 According to the applicable provisions of the Italian Civil Code (*Codice Civile*) a cash exit right will be granted to:
- (a) Holders of RAS Ordinary Shares and holders of RAS Savings Shares who will not participate in, or vote against in the extraordinary shareholders meeting of RAS, resolving upon the resolutions to (i) amend the corporate purpose of RAS in connection with hive-down of the business of RAS or (ii) approve this merger plan provided that the registered office of the Acquiring Company will not be in Italy; as well as to
 - (b) holders of RAS Savings Shares who will not participate in, or will vote against in the extraordinary shareholders' meeting of holders of RAS Savings Shares, the resolutions to approve this merger plan provided that holders of RAS Savings Shares are not granted shares of Allianz SE with special economic rights as attached to the RAS Savings Shares.

According to Art. 2437-ter of the Italian Civil Code (*Codice Civile*), the cash exit liquidation value is to be calculated on the basis of the average of the closing prices of the RAS Ordinary Shares or RAS Savings Shares on the Italian stock exchange during the six months period prior to the publication of the invitations to the extraordinary shareholders' meetings of RAS shareholders which resolve upon the merger, respectively upon the amendment of the statutory business purpose. These invitations were published on September 27, 2005, with the effect that, on the basis of the accordingly determined average of the closing prices, the liquidation value of the cash exit right amounts to EUR 16.72 per RAS Ordinary

Share and EUR 24.24 per RAS Savings Share. RAS shareholders that exercised their cash exit rights and received the payment of the cash exit price shall not be entitled to any further dividend payment of RAS, if any.

- 5.2 Both RAS Ordinary Shares and RAS Savings Shares, with respect to which the cash exit right is exercised, have to be offered by RAS to the remaining RAS shareholders, and therefore also to Allianz AG, for purchase. The remaining RAS shareholders are entitled to purchase these RAS Shares in accordance with their respective proportion of participation in RAS. Allianz AG will purchase the shares offered to Allianz AG and those offered to the remaining RAS shareholders that do not purchase them.

SECTION 6

Exchange Ratio with respect to the Merger

- 6.1 As a consequence of the transfer of all assets and liabilities of RAS by way of merger, Allianz AG shall, upon effectiveness of the merger, grant shareholders of RAS existing at this point of time for every 19 (nineteen) RAS Ordinary Shares 3 (three) shares of Allianz SE and for every 19 (nineteen) RAS Savings Shares 3 (three) shares of Allianz SE. In the connection with the merger, Allianz AG shall not receive any shares in Allianz SE for such RAS Ordinary or Savings Shares that Allianz AG holds itself, including such shares acquired by Allianz AG in connection with the cash exit right (see Section 5). The same shall apply to treasury shares held by RAS, if any.
- 6.2 The Allianz Shares granted in accordance with Section 6.1 above shall be entitled to share in the profits of Allianz AG from the merger effective date (Section 2) on.
- 6.3 No additional consideration, in particular no cash payments, shall be made by Allianz AG to the shareholders of the Transferring Company.

SECTION 7

Capital Increase

- 7.1 In order to consummate the merger, Allianz AG will increase its share capital by up to EUR 64,315,543.04 (in words: EUR sixty four million three hundred fifteen thousand five hundred forty three and four Cent). The capital increase shall be effected by issuance of up to 25,123,259 Allianz Shares.
- 7.2 To the extent Allianz AG holds shares in RAS or RAS holds treasury shares, the share capital of Allianz AG will, pursuant to Art. 18 SE Regulation in connection with Section 68 para. 1 sentence 1 no. 1 and no. 2 of the German Transformation Act (*Umwandlungsgesetz – UmwG*), not be increased.

SECTION 8 Trustee

- 8.1 RAS has appointed Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany, as trustee for receiving the Allianz-Shares to be issued and for delivery of these shares to the shareholders of RAS whereby Deutsche Bank Aktiengesellschaft shall use Deutsche Bank S.p.A., Milan, Italy as vicarious agent (*Erfüllungsgehilfe*) for the exchange of the shares.
- 8.2 Allianz AG shall hand over the new Allianz Shares to the trustee in the form of a global share certificate (*Globalurkunde*) after the capital increase in accordance with Section 7 has been registered with the commercial register at the registered office of Allianz AG and prior to the filing of the merger deed to the company register (*Registro delle Imprese*) at the registered office of RAS, and instruct the trustee, to deliver (*Besitz verschaffen*), after the registration of the merger in the commercial register at the registered office of Allianz AG and after the exchange of the Allianz Shares at a ratio of 1:1 into shares of Allianz SE, to the shareholders of RAS the shares in Allianz SE that they are entitled to, concurrently against (*Zug um Zug*) transfer of their RAS shares. The delivery (*Besitzverschaffung*) shall occur by way of corresponding book transfer in the security deposit accounts, in which the RAS shares are booked, by the central securities depository Monte Titoli S.p.A. by way of collective safe deposit account credit (*Girosammeldepotgutschrift*). Allianz AG shall bear the costs for the consummation of the exchange of the shares.

SECTION 9 Holders of Special Rights and Holders of Other Securities

- 9.1 The holders of RAS Savings Shares are granted ordinary shares of Allianz SE pursuant to Section 6.1. No further benefit shall be provided.
- 9.2 In February 2005, based on a stock option plan, the managing member of the Board of Directors of RAS (*Amministratore Delegato*) of the Board of Directors (*Consiglio di Amministrazione*) of RAS, Mr. Paolo Vagnone, as well as other executive employees of the RAS Group employed in Italy, who are not members of the Board of Directors of RAS, have received as part of their remuneration 1,200,000 stock options (thereof 100,000 stock options in favor of Mr. Paolo Vagnone who at that time was a managing director (*Direttore Generale*) of RAS) which entitle the beneficiaries to purchase an equivalent amount of RAS Ordinary Shares at a price of EUR 17.085 per share. This exercise price corresponds to the average price of RAS Ordinary Shares in the month preceding the issuance of the stock options, *i.e.* in the period from December 31, 2004 through January 31, 2005. According to the terms and conditions for the exercise, the stock options are exercisable from February 1, 2008 through January 31, 2012, provided that (i) in the fiscal year 2005 RAS has reached at least 80 % of its planned targets in terms of both increase of value pursuant to the EVA®-concept (economic value added) as well as the annual net income under IAS, and (ii) at the point in time the respective stock option is exercised, the price per RAS Ordinary Share is at least 10 % higher than the average price in January 2005 (*i.e.* at least EUR 18.794).

As a result of the resignation of certain beneficiaries under this stock-option plan, the number of exercisable stock-options was reduced to 953,000 (thereof 100,000 stock-options in favor of Mr. Paolo Vagnone).

Upon effectiveness of the merger, these stock options will be adapted as follows: The beneficiaries shall be granted the right to purchase up to 173,241 shares in Allianz SE in lieu of 953,000 RAS Ordinary Shares. Thereof, 18,178 shares in Allianz SE are accounted for Mr. Paolo Vagnone. The exercise price shall thereby be EUR 93.99 per share in Allianz SE and corresponds to the average price of Allianz Shares during the same reference period of time that was applicable for the determination of the original exercise price for the RAS Ordinary Shares, *i.e.* from December 31, 2004 through January 31, 2005. The number of shares in Allianz SE to be delivered to the beneficiaries upon exercise of the stock options shall be calculated according to the ratio of the original exercise price per RAS Ordinary Share and the exercise price per share in Allianz SE. The exercise is subject to the condition that RAS in the fiscal year 2005 has reached at least 80 % of its planned targets in terms of both increase of value pursuant to the EVA®-concept (economic value added) as well as the annual net income under IAS. Allianz AG intends to satisfy the claims to purchase shares in Allianz SE by delivery of treasury shares.

SECTION 10 **Special Advantages**

- 10.1 Subject to Sections 9.2, 10.2, 10.3 and 10.4, no special advantages within the meaning of Art. 20 para. 1 lit. g) of the SE Regulation were or will be granted in connection with the merger to the members of the administrative, management, supervisory, or control bodies of RAS or Allianz AG, nor to the statutory auditors or the independent merger auditors or other experts of both companies.
- 10.2 Prior to the merger, the managing member (*Amministratore Delegato*) of the Board of Directors (*Consiglio di Amministrazione*) of RAS, Mr. Paolo Vagnone, and further executive employees of the RAS Group employed in Italy, who are not members of the Board of Directors of RAS, were granted the right to exercise their stock option rights granted in 2004 prematurely, *i.e.* during the period of the cash tender offer of Allianz AG for the purchase of RAS shares from October 20, 2005 through November 23, 2005 and not only during the original exercise period for these stock options from February 1, 2006 through January 31, 2011. All beneficiaries exercised their respective rights with the effect that RAS granted these beneficiaries a total of 680,000 RAS Ordinary Shares – 50,000 RAS Ordinary Shares thereof to the managing member of the Board of Directors, Mr. Paolo Vagnone – at an exercise price of EUR 14.324 per RAS Ordinary Share.
- 10.3 As a matter of legal precaution, it is noted that, notwithstanding the competence of the Supervisory Board of Allianz SE according to stock corporation law, the members of the Board of Management of Allianz AG in office as of January 1, 2006 are expected to be appointed as members of the Board of Management of Allianz SE. Members of the Board of Management of Allianz AG as of January 1,

2006 will be Michael Diekmann, Dr. Paul Achleitner, Clement Booth, Jan R. Carendi, Enrico Cucchiani, Dr. Joachim Faber, Dr. Helmut Perlet, Dr. Gerhard Rupprecht, Jean-Philippe Thierry, Dr. Herbert Walter and Dr. Werner Zedelius.

Furthermore, members and substitute members of the Supervisory Board within the group of shareholder representatives of Allianz AG shall be appointed members or substitute members of the Supervisory Board of Allianz SE, respectively (see Section 6 para. 2 sentence 1 and para. 3 sentence 1 of the statutes of Allianz SE that are attached to this merger plan as Annex I).

- 10.4 As a matter of legal precaution it is further noted that members of the Board of Directors and the controlling body *Collegio Sindacale* of RAS were appointed members of the board of directors of RAS Italia S.p.A., Milan, Italy, in the future to operate under the corporate name RAS S.p.A., respectively of the controlling body *Collegio Sindacale*, prior to the effectiveness of the merger in the course of the hive-down of the business of RAS into RAS Italia S.p.A., Milan, Italy, in the future to operate under the corporate name RAS S.p.A. These are, with respect to the board of directors of RAS Italia S.p.A. Giuseppe Vita, Michael Diekmann, Paolo Vagnone, Paolo Biasi, Detlev Bremkamp, Carlo Buora, Vittorio Colao, Nicola Costa, Rodolfo De Benedetti, Klaus Duehrkop, Pietro Ferrero, Francesco Micheli, Salvatore Orlando, Dr. Helmut Perlet, Giampiero Pesenti, Andrea Pininfarina, Gianfelice Rocca and Carlo Salvatori, whereby Mr. Bremkamp and Mr. Duehrkop will cease to be a member as of December 31, 2005. They will be followed by Enrico Cucchiani and Dr. Joachim Faber. With respect to the controlling body *Collegio Sindacale* of RAS respectively RAS Italia S.p.A. these are Pietro Manzonetto, Paolo Pascot and Giorgio Stroppiana, as well as Michele Carpaneda as substitute member.

SECTION 11

Rights of Creditors and Minority Shareholders

The rights of creditors and minority shareholders of Allianz AG and RAS are described in Annex II.

SECTION 12

Information on the Procedure Regarding the Agreement on Employee Involvement

- 12.1 In order to secure, in the context of the merger and the corresponding formation of an SE, the rights already acquired by the employees of Allianz AG and RAS regarding their involvement in decisions of the company, a procedure for the involvement of the employees in the Allianz SE must be conducted. Its objective is the conclusion of an agreement regarding the involvement of employees within the SE, in particular regarding the co-determination within the Supervisory Board of Allianz SE and the procedure regarding the information and consultation of the employees by formation of an SE Works Council or by other means to be agreed upon with the Board of Management of Allianz AG and the Board of Directors of RAS.

The employee involvement procedure is shaped by the principle of protection of the acquired rights of the employees of the companies participating in the foundation of the SE, *i.e.* Allianz AG and RAS. The extent of the employee involvement within the SE is determined by the definition of the terms in Section 2 para. 8 of the German SE-Employee Participation Act (*SE-Beteiligungsgesetz, SEBG*), which essentially follows Art. 2 lit. h) of the Council Directive 2001/86/EC of October 8, 2001 supplementing the Statute for a European Company with regard to the involvement of employees. Involvement of employees therefore means every procedure – in particular information, consultation and co-determination – which enables the employee representatives to exercise influence on the decisions made within the company. Information, in this context, means the information of the SE Works Council or other employee representatives by the management body of the SE on issues involving the SE, one of its subsidiaries or one of its establishments in another Member State, or which involve issues which exceed the authority of the competent bodies on the respective Member State level. The right to consultation means, apart from comments by the employee representatives on events significant to decisions, the exchange between the employee representatives and the management as well as the consulting with the objective of a mutual consent, provided, however, that the management remains free in its decision. The most far-reaching form of influence that is granted, is the co-determination; it either relates to the right to appoint or elect members of the Supervisory Board, or, alternatively, the right to propose these members or to object to proposals of third parties.

- 12.2 As parent company of Allianz Group, Allianz AG has a Supervisory Board with 20 members which is composed on a parity basis in accordance with the German Co-determination Act of 1976 (*Mitbestimmungsgesetz – MitbestG 1976*). With regard to the election of the ten employee representatives on the Supervisory Board of Allianz AG, only the employees in Germany have the active and passive voting right in accordance with the German Co-determination Act of 1976 (*MitbestG 1976*). Upon effectiveness of the merger and change of legal form of Allianz AG into an SE, the terms of office of the current employee representatives as well as the shareholder representatives of the Supervisory Board expire. The provisions of the German Co-determination Act of 1976 (*MitbestG 1976*) on the representation of employees within the Supervisory Board of Allianz AG will be substituted by the regime of the German SE-Employee Participation Act and its binding provisions.

Besides, there are additional supervisory boards in which the employees have co-determination rights in other group companies on the basis of the laws applicable. At Allianz, in addition to the works councils in the individual establishments and the general works councils of the individual German group companies, a group works council exists; these are not affected by the formation of the SE. In addition, a European Works Council (Allianz Europe Committee – AEC) has been established pursuant to the agreement on cross-border information and consultation of Allianz employees as amended by a third amendment dated March 31, 2003 between Allianz AG and the general works councils of Allianz.

In contrast, at RAS there is presently no employee co-determination at the corporate level, *i.e.* there are no employee representatives on the Board of Directors of RAS, because this is not provided for by Italian law. There are works councils on the operational level.

In principle, the formation of the SE itself has no consequences for the employees of Allianz Group. Their employment contracts are being continued as before with the respective group company; in the case of the employees of Allianz AG, their employment contracts are being continued unchanged with Allianz SE.

With respect to members of employee representations on an operational level of both Allianz AG and the Allianz Group, there will be no changes by the change of legal form into an SE. The existing works councils, general works councils, economic advisory committees (*Wirtschaftsausschüsse*), group works council and other employee representations on an operational level will be retained. Solely the continuity of the AEC is subject to the outcome of the employee involvement proceeding; in case of the application of the statutory fall-back solution, the AEC would be substituted by an SE Works Council (Sections 22 *et seq.* German SE-Employee Participation Act).

Specific issues with respect to the employees of RAS result from the hive-down of the RAS business (with the exception of certain shareholdings and other assets) into RAS Italia S.p.A. (in the future RAS S.p.A.) prior to the merger of RAS into Allianz AG. The majority of the employees of RAS will become employees of RAS Italia S.p.A. Approximately 60 employees will not become employees of RAS Italia S.p.A., but will, at first, remain employees of RAS and will become employees of Allianz SE upon the effectiveness of the merger.

On October 25, 2005, Allianz AG, RAS and the competent Italian trade unions have concluded an agreement. It provides that these employment contracts which are being transferred to RAS Italia S.p.A., are to be continued by the latter under the same terms and conditions as hitherto, including Italian stipulations made by collective agreements. Employees of RAS who become employees of Allianz SE upon the effectiveness of the merger will continue to be employed at their current workplaces. Their employment relationships will be continued at the same terms and conditions, including the Italian stipulations made by collective agreements existing at the point in time of the effectiveness of the merger. The stipulations in collective agreements existing at RAS shall apply for the benefit of all employees who are hired after the implementation of the hive-down and the merger. If Allianz SE decides to stop such activities that are performed by the transferred employees of RAS, the concerned employees shall be entitled to demand within 30 days an employment with RAS Italia S.p.A. in the same position and at the same employment terms.

- 12.3 The initiation of the employee involvement procedure is conducted in accordance with the provisions of the German SE Employee Participation Act (*SE-Beteiligungsgesetz, SEBG*). It requires that the management bodies of the participating companies, *i.e.* the Board of Management of Allianz AG and the

Board of Directors of RAS, request the employees to establish a Special Negotiating Body, and that they notify the employees or their representative bodies concerned, respectively, about the formation project. The procedure is to be initiated – by the required notification – unrequested and without undue delay after the management bodies of Allianz AG and RAS have published the merger plan prepared by them. The required notification of the employees or their representative bodies concerned, respectively, includes, in particular, (i) the identity and structure of Allianz AG and RAS, their concerned subsidiaries and concerned establishments, as well as their allocation among the Member States; (ii) the bodies representing employees existing within these companies and establishments; (iii) the number of persons employed in these companies and establishments, and the total number of persons employed in a given Member State determined on the basis thereof; and (iv) the number of employees enjoying co-determination rights in the corporate bodies of these companies.

- 12.4 It is provided by statutory law that the employees or their representative bodies concerned, respectively, appoint or elect the members of the Special Negotiating Body, which is composed of employee representatives from all Member States of the EU and from all signatory states of the European Economic Area (EEA) concerned, within a period of ten weeks after the initiation of the procedure by the required notification of the employees or their representative bodies concerned, respectively.

The establishment and composition of the Special Negotiating Body is, in principle, governed by German law (Section 4 and Section 5 SEBG, respectively). However, with regard to the election or appointment of the members of the Special Negotiating Body from the individual EU Member States and EEA signatory states the relevant national provisions of law apply. The establishment of the Special Negotiating Body is the responsibility of the employees and their representative bodies involved, or of the competent trade unions, respectively.

- 12.5 After the nomination of the members of the Special Negotiating Body but, in any case, no later than ten weeks after the initiation of the procedure by the required notification (*cf.* Section 12.3), both the management bodies of the concerned companies, *i.e.* Allianz AG and RAS, may convene the constitutive meeting of the Special Negotiating Body.

The negotiations commence on the day to which the management bodies of the companies concerned have invited for the constitutive meeting of the Special Negotiating Body. A maximum duration of the negotiations of six months is provided by law, which, however, the parties may extend to a period of up to one year by mutual resolution.

The negotiation procedure also takes place if the time limit for the election or appointment of a single or all members of the Special Negotiating Body elapsed for reasons for which the employees are responsible (Section 11 para. 2 sentence 1 of the German SE-Employee Participation Act (*SE-Beteiligungsgesetz, SEBG*)). It is in the interest of the employees to complete the election or the appointment of

the members of the Special Negotiating Body within the ten weeks' time limit. Delays, for which the employees are not responsible may lead to a prolongation of the procedure.

Members elected or appointed during the ongoing negotiations are not definitely excluded; they can participate in the negotiations at any time (Section 11 para. 2 sentence 2 of the SE-Employee Participation Act (*SE-Beteiligungsgesetz, SEBG*)). A member joining at a late stage, however, has to accept the status of the negotiations as existing at this time. There is no claim for a prolongation of the six months time limit for the negotiations (Section 20 SE-Employee Participation Act (*SE-Beteiligungsgesetz, SEBG*)).

The objective of the negotiations is the conclusion of an agreement on the employee involvement in Allianz SE. Subject matter of the negotiations are the employee co-determination within the Supervisory Board of Allianz SE and the stipulation of a procedure regarding the information and consultation of the employees, either by way of formation of an SE works council or by other means.

- 12.6 An agreement regarding the involvement of employees with regard to the co-determination within the Supervisory Board shall contain at least stipulations in respect of the number of employee representatives on the supervisory board, of the procedure according to which these employee representatives are appointed, and of the rights of such members. According to the binding provision in Art. 40 para. 3 of the SE Regulation, Section 17 para. 1 of the German SE-Implementation Act, the statutes of Allianz SE (Annex I) will stipulate the size of the Supervisory Board. The corresponding provision in the statutes of Allianz SE provides for a Supervisory Board consisting of twelve members. The management bodies of Allianz AG and RAS have furthermore agreed to maintain the principle of employee co-determination on a parity basis. Accordingly, the statutes of Allianz SE provide that six of the members of the Supervisory Board are to be appointed by the general meeting upon proposal of the employees. The geographic allocation of these employee representatives is determined according to an agreement, if any, on the involvement of employees; in case such an agreement cannot be reached, the geographic allocation would be determined according to the statutory fall-back solution according to Section 12.10 below.
- 12.7 With regard to the stipulation of the proceeding regarding the information and consultation of the employees, the agreement has to stipulate whether an SE works council will be formed. In case it is formed, the number of its members and the allocation of seats, the information and consultation rights and the procedure therefore, the frequency of meetings, the financial and material resources to be made available, the date of entry into force and the duration of the agreement, as well as the circumstances in which the agreement is to be renegotiated and the procedure to be used in this regard, have to be stipulated.

Since the negotiating parties are not forced to opt for an SE works council, they can agree on a different procedure by which the information and consultation of the employees is assured.

In addition, the agreement should stipulate that further negotiations regarding employee involvement shall also be opened prior to structural changes to the SE.

- 12.8 The conclusion of an agreement for the involvement of employees requires a resolution adopted by the Special Negotiating Body which generally adopts resolutions by a majority of its members, provided that this majority also represents a majority of the employees. Where an agreement would lead to a reduction of employee co-determination rights, a qualified majority requirement of a two-thirds majority of the members of the Special Negotiating Body applies instead, provided that such majority represents at least two thirds of the employees in at least two Member States.

A reduction of co-determination rights would mean that the ratio of employees within the Supervisory Board of the SE is lower than the highest existing ratio within the participating companies, or that the right to elect, appoint, suggest or to refuse members of a supervisory body of the company, is abolished or restricted. In the Supervisory Board of Allianz AG, the employees have co-determination rights according to the parity-based co-determination pursuant to the German Co-determination Act of 1976 (*MitbestG 1976*), which grants to the German employees the right to elect half of the twenty members of the Supervisory Board of Allianz AG. It would have to be checked at the time of the resolution relating to an agreement on the involvement of employees whether this would result in a reduction of the co-determination rights, compared to the aforementioned status.

- 12.9 The Special Negotiating Body may theoretically also resolve not to enter into negotiations or to break off negotiations already ongoing. Also in this case the qualified majority described above would be required. The Supervisory Board of Allianz SE would then not be subject to employee co-determination, neither on the basis of an agreement nor by operation of law; the statutory fall-back solution of the German SE-Employee Participation Act would not apply. The contemplated provision of the statutes would deviate in this respect, having the effect that the statutes would have to be adapted or the co-determination would have to be implemented solely on the basis of this provision in the statutes.

An SE works council would not be established. Moreover, the provisions on the information and consultation within the EU Member States and the EEA signatory states will apply, unless a European Works Council exists. With respect to Allianz SE, the AEC would continue to exist and would still hold the right to information and consultation. Upon the resolution not to enter into negotiations or break off already ongoing negotiations the employee involvement procedure is terminated.

- 12.10 If no agreement regarding the involvement of employees is being reached within the negotiation period, the statutory fall-back solution applies; the latter can also be agreed upon as content of the agreement.

In the present case, the statutory fall-back solution with regard to employee co-determination within the Supervisory Board would have the consequence that the principle of co-determination on a parity basis is maintained, so that half of the

members of the Supervisory Board of Allianz SE would be employee representatives. However, the employee representatives would no longer be appointed by the employees in Germany alone, but by all employees in Europe. On the basis of the current number of employees and their allocation by countries, in a supervisory board composed of twelve members with six employee representatives there would be four seats for employees employed in Germany, one seat for employees employed in France and one seat for employees employed in Great Britain of the Allianz SE.

The employees employed in Germany, France and Great-Britain would have to nominate their employee representatives, which are elected by the general meeting of Allianz SE, pursuant to the regulations of their respective country. In case a nomination would not occur, the SE Works Council would have to nominate them.

With regard to the protection of the right to information and consultation of the employees of Allianz SE, the statutory fall-back solution would have the consequence that an SE Works Council would have to be established, the function of which would be to safeguard the right to information and consultation of the employees in the SE. It would be responsible for matters which affect the SE itself, one of its subsidiaries or one of its establishments in another Member State, or which go beyond the powers of the competent bodies at the level of the individual Member States. The SE Works Council would have to be informed and consulted annually with regard to the development of the business situation and the future prospects of the SE. It would have to be informed and consulted with regard to extraordinary circumstances. The composition of the SE Works Council as well as the election of its members would, in principle, follow the provisions applicable to the composition and appointment of the members of the Special Negotiating Body.

- 12.11 In the event of the application of the statutory fall-back solution, during the existence of the SE, it is to be reviewed every two years by the managing body of the SE whether changes within the SE, its subsidiaries and establishments require an alteration of the composition of the SE Works Council. In cases where the statutory fall-back solution applies, the SE Works Council, four years after its establishment, has to resolve with the majority of its members, whether negotiations shall be opened with regard to an agreement for the involvement of employees within the SE or whether the then current provisions shall continue to apply. In case a resolution to commence negotiations regarding an agreement on the involvement of the employees, the SE Works Council takes the place of the Special Negotiating Body for purposes of such negotiations.
- 12.12 The necessary costs incurred by the constitution and the activity of the Special Negotiating Body are borne by Allianz AG and RAS as well as after its foundation by Allianz SE as joined debtors (*Gesamtschuldner*). This obligation to bear the costs covers all material and personal resources, which arise in connection with the activity of the Special Negotiating Body, in particular in connection with the negotiations. In particular, there have to be provided for the meetings in the necessary amount rooms, material resources (*e.g.*, telephone, fax, necessary literature), interpreters as well as office staff, and the necessary costs for travel and for room and board of the members of the Special Negotiating Body have to be borne.

12.13 The statutory law provisions relating to the employee involvement procedure, in particular the provisions of the German SE-Employee Participation Act, shall not be affected by the provisions in Section 12.1 through 12.12.

Annex I: Statutes of Allianz SE

Annex II: Publication in accordance with Art. 21 of Council Regulation (EC) No. 2157/2001 of October 8, 2001

Statutes of Allianz SE

1. General Provisions

§ 1

- 1.1 The Company's name is Allianz SE with registered office in Munich.
- 1.2 The corporate purpose of the Company is the direction of an international group of companies, which is active in the areas of insurance, banking, asset management, and other financial, consulting, and similar services. The Company holds interests in insurance companies, banks, industrial companies, investment companies, and other enterprises.
- As a reinsurer, the Company primarily assumes insurance business from its Group companies and other companies in which the Company holds direct or indirect interests.
- 1.3 The Company is authorized to transact any business and to take any measures, which appear appropriate to serve the Company's purpose. It may form and acquire companies and acquire interests in companies as well as manage companies or it may confine itself to managing its interests. Within the framework of its object, the Company is authorized to raise loans and to issue bonds.
- 1.4 Public announcements of the Company shall be effected in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*).
- 1.5 The financial year corresponds to the calendar year.

§ 2

- 2.1 The share capital amounts to EUR 1,039,462,400. It is subdivided into 406,040,000 shares with no-par value. Each no-par value share grants one vote. The share capital of the Company is generated through the change of legal form of Allianz Aktiengesellschaft into Allianz SE by way of merger of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, Milan, Italy, into Allianz Aktiengesellschaft.
- 2.2 The shares are registered and can only be transferred with the approval of the Company. The Company will withhold a duly applied approval only, if it deems this to be necessary in the interest of the Company on exceptional grounds; the applicant will be informed about the reasons.
- 2.3 The Board of Management is authorized to increase the Company's share capital once or several times on or before February 7, 2011, upon approval of the Supervisory Board, by issuing new registered no-par value shares against contribution in cash and/or in kind by up to a total of EUR 450,000,000, but only

up to the amount in which the authorized capital according to Section 2 para. 3 of the articles of association of Allianz Aktiengesellschaft is still available at the time of the effectiveness of the change of legal form of Allianz Aktiengesellschaft into a European company (SE) pursuant to the merger plan of December 16, 2005 (Authorized Capital 2006/I).

If the share capital is increased against contributions in cash the shareholders are to be granted a subscription right. The Board of Management is authorized, however, to exclude such shareholder subscription right upon approval of the Supervisory Board

- for fractional amounts;
- to the extent necessary to grant subscription rights to new shares to holders of bonds issued by Allianz SE or Allianz AG or its Group companies that carry conversion or option rights or a conversion obligation, respectively, to the extent such holders would be entitled to after having exercised their conversion or option rights or after any conversion obligation had been fulfilled, respectively;
- if the issue price of the new shares is not significantly below the stock market price and the aggregate number of the shares issued under exclusion of subscription rights pursuant to Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (*AktG*) does not exceed 10 % of the share capital, neither on the date on which this authorization takes effect nor on the date of the exercise of this authorization. The sale of treasury shares shall be counted towards this limitation provided that the sale occurs during the term of this authorization or the authorization of Allianz AG pursuant to the resolution of its General Meeting of February 8, 2006 (agenda item 3), subject to the exclusion of subscription rights pursuant to Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (*AktG*). Furthermore, such shares shall count towards this limitation that were or must be issued to service bonds with conversion or option rights or a conversion obligation, provided that the bonds were issued during the term of this authorization or the authorization of Allianz AG pursuant to the resolution of its General Meeting of February 8, 2006 (agenda item 3) subject to exclusion of subscription rights in corresponding application of Section 186 paragraph 3 sentence 4 of the German Stock Corporation Act (*AktG*).

Furthermore, the Board of Management is authorized, upon the approval of the Supervisory Board, to exclude shareholders' subscription rights in the case of a capital increase against contributions in kind.

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

- 2.4 Upon the approval of the Supervisory Board, the Board of Management is authorized to increase the share capital of the Company once or several times on or before February 7, 2011 by up to a total of EUR 15,000,000 by issuing new registered no-par value shares against contributions in cash, but only up to the amount in which the authorized capital according to Section 2 para. 4 of the articles of association of Allianz Aktiengesellschaft is still available at the time of the effectiveness of the change of legal form of Allianz Aktiengesellschaft into a European company (SE) pursuant to the merger plan of December 16, 2005 (Authorized Capital 2006/II). The Board of Management may, upon the approval of the Supervisory Board, exclude the shareholders' subscription right in order to issue the new shares to employees of Allianz SE and its Group companies. The Board of Management is further authorized, upon the approval of the Supervisory Board, to exclude fractional amounts from the shareholders' subscription right.

The Board of Management is authorized, upon the approval of the Supervisory Board, to determine the additional rights of the shares and the conditions of the share issuance.

- 2.5 The share capital is conditionally increased by up to EUR 226,960,000 by issuing up to 88,656,250 new registered no-par value shares with entitlement to share in profits from the beginning of the financial year of their issuance, but only up to the amount the conditional capital in Section 2 para. 5 of the articles of association of Allianz Aktiengesellschaft is still stated at the time of the effectiveness of the change of legal form of Allianz Aktiengesellschaft into a European company (SE) pursuant to the merger plan of December 16, 2005 (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 conversion or option rights attached to bonds that Allianz SE or Allianz AG or their Group companies have issued against cash payments in accordance with the resolution of the General Meeting of Allianz AG of May 5, 2004, or that conversion obligations under such bonds are fulfilled, and only insofar as no other methods of performance are used in serving these rights. The Board of Management is authorized to determine further details of the conditional share capital increase.
- 2.6 The share capital is conditionally increased by up to EUR 250,000,000 by issuing up to 97,656,250 new registered no-par value shares with entitlement to share in profits from the beginning of the financial year of their issuance, but only if and up to the amount in which a conditional capital in Section 2 para. 6 of the articles of association of Allianz Aktiengesellschaft is stated at the time of the effectiveness of the change of legal form of Allianz Aktiengesellschaft into a European company (SE) pursuant to the merger plan of December 16, 2005 (Conditional Capital 2006). The conditional capital increase shall be carried out only to the extent that conversion or option rights are exercised by holders of conversion or option rights attached to bonds which Allianz SE or Allianz AG or their Group companies have issued against cash payments in accordance with the resolution of the General Meeting of Allianz AG of February 8, 2006, or that conversion obligations under such bonds are fulfilled, and only in so far as no other methods of performance are used in serving these rights. The Board of Management is authorized to determine further details of the conditional share capital increase.

- 2.7 If the capital is increased, the entitlement to share in profits of new shares may be determined in deviation from Section 60 paragraph 2 of the German Stock Corporation Act (*AktG*).

§ 3

- 3.1 The shareholders shall not have the right to receive share certificates, unless it is necessary pursuant to the rules applicable at a stock exchange where the shares are listed.
- 3.2 Profit participation certificates and renewal certificates will be issued to the bearer.

2. Corporate Bodies

§ 4

Corporate bodies of the Company are:

- the Board of Management
- the Supervisory Board, as well as
- the General Meeting.

3. Board of Management

§ 5

- 5.1 The Board of Management shall consist of at least two persons. Otherwise, the number of the members of the Board of Management shall be determined by the Supervisory Board.
- 5.2 The Company is legally represented by two members of the Board of Management or by one member of the Board of Management together with a person vested with a general power of attorney under German law (*Prokurist*).
- 5.3 The members of the Board of Management shall be appointed by the Supervisory Board for a maximum term of five years. Repeated appointments, in each case for a maximum of five years, are permitted.
- 5.4 The Board of Management constitutes a quorum, if all members of the Board of Management are invited and if at least half of its members – among them the Chairman or a member of the Board of Management appointed by him – participates in the meeting. Absent members of the Board of Management may

- cast their vote in writing, over the telephone, by telefax, or by electronic media. The absent members of the Board of Management shall be notified about the resolutions passed without undue delay.
- 5.5 The Board of Management adopts its decisions with a simple majority of the members of the Board of Management participating in adopting the resolution, unless mandatory statutory provisions require otherwise. In case of a vote tie, the vote of the Chairman shall be decisive.
- 5.6 The Chairman of the Board of Management has the right to veto a resolution of the Board of Management (veto right). If the Chairman of the Board of Management exercises his veto right, the resolution is deemed not to be adopted.

4. Supervisory Board

§ 6

- 6.1 The Supervisory Board consists of twelve members, who are appointed by the General Meeting. Of the twelve members, six members shall be appointed upon proposal of the employees. The General Meeting is bound to the proposals for the appointment of the employee representatives.
- 6.2 Appointed as members of the first Supervisory Board are until the end of the General Meeting, which will resolve on the ratification of actions for the first financial year of Allianz SE, however, not exceeding a period of three years:

Dr. Wulf H. Bernotat, Essen, Chairman of the Board of Management of E.ON AG,

Dr. Gerhard Cromme, Essen, Chairman of the Supervisory Board of ThyssenKrupp AG,

Dr. Franz B. Humer, Basel, Chairman of the Board of Directors and CEO of F. Hoffmann-La Roche AG,

Prof. Dr. Renate Köcher, Konstanz, Chairperson of the Institut für Demoskopie Allensbach,

Igor Landau, Paris, member of the Board of Directors of Sanofi-Aventis S.A., and

Dr. Henning Schulte-Noelle, München, Chairman of the Supervisory Board of Allianz AG.

The first financial year of Allianz SE will be the financial year in which the merger of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni into Allianz Aktiengesellschaft will be registered with the commercial register of Allianz

Aktiengesellschaft. The additional six members of the Supervisory Board to be appointed upon proposal of the employees are to be appointed after conclusion of the employee involvement procedure.

- 6.3 As substitute members for the Supervisory Board members named in paragraph 2 sentence 1 are appointed:

Dr. Albrecht E. H. Schäfer, Munich, Corporate Vice President Siemens AG, director Corporate Personnel World, and

Dr. Jürgen Than, Hofheim a. Ts., attorney at-law, former chief general counsel of Dresdner Bank AG.

They shall become members of the Supervisory Board in the order listed, if a member of the Supervisory Board of the shareholders named in paragraph 2 or a member substituting such member in the Supervisory Board leaves prior to the expiration of the regular term and the General Meeting has not elected a successor prior to such leave. The term of substitute members joining the Supervisory Board shall end with the end of the Shareholders Meeting in which a successor for the member to be substituted is elected, but in any event no later than the point in time in which the regular term of the substituted Supervisory Board member would have expired. A substitute member joining the Supervisory Board and leaving it again prematurely shall reassume his or her place in the order of the substitute members.

§ 7

- 7.1 The appointment of the members of the Supervisory Board will be effected by the General Meeting, subject to Section 6 para. 2 and 3, for the time until the close of the General Meeting which resolves on the ratification of actions in respect of the fourth financial year following the beginning of the term of office, not counting the financial year in which the term of office begins, but in no case longer than six years. Repeated appointments are permitted.
- 7.2 The members and substitute members of the Supervisory Board may resign from office at any time by submitting a written declaration to the Board of Management of the Company.
- 7.3 In the event of a member leaving the Supervisory Board before his term of office has expired, without a substitute member taking his place, a successor shall be elected only for the remaining term of office of the member who has left.

§ 8

- 8.1 From among its members, the Supervisory Board shall elect a Chairman as well as two Deputy Chairmen for a period corresponding to the term of their office on the Supervisory Board. During the election of the Chairman of the Supervisory Board, the oldest member of the shareholder representatives of the Supervisory Board will act as the Chairman of the Supervisory Board. Paragraph 3 Sentence 1 is applicable.
- 8.2 The Chairman of the Supervisory Board having been elected, the Supervisory Board constitutes a quorum if all members are invited or requested to adopt a resolution and if either at least six members, among them the Chairman, or at least nine members, participate in the resolution. Resolutions shall be taken with the majority of the members participating in the vote.
- 8.3 In the case of a tie, the vote of the Chairman, and if he does not participate in the voting, the vote of the Deputy Chairman shall be decisive (casting vote), provided the Deputy Chairman is a shareholder representative. If the Deputy Chairman is an employee representative, he shall not be entitled to a casting vote.

§ 9

- 9.1 The following types of transactions may be entered into only upon the Supervisory Board's approval:
- a) Acquisition of companies, participations in companies, and parts of companies (except for financial investments), if in the individual case the market value or, in case of a lack of a market value, the book value reaches or exceeds 10 % of the equity of the last consolidated balance sheet.
 - b) Disposals of participations (except for financial investments) in a Group company, to the extent that it leaves the circle of Group companies by virtue of the disposal and if in the individual case the market value or, in case of a lack of market value, the book value of the participation disposed of reaches or exceeds 10 % of the equity of the last consolidated balance sheet.
 - c) Entering into intercompany agreements (*Unternehmensverträge*).
 - d) Development of new and abandonment of existing business segments, to the extent such action is of material importance for the Group.

The Supervisory Board may make further types of transactions contingent upon its approval.

§ 10

The Supervisory Board may alter the wording of the Statutes.

§ 11

11.1 The members of the Supervisory Board receive

- a) a fixed annual remuneration in an amount of EUR 50,000;
- b) a performance-based annual remuneration in an amount of EUR 150 for each one tenth percentage point or part thereof, by which the Group's earnings per share increased over the period of one year, such increase being determined by a comparison of the Group's earnings per share for the financial year, for which the remuneration is to be paid (year of remuneration) with the Group's earnings per share for the financial year preceding the year of remuneration;
- c) an annual remuneration, based on the Company's long-term business performance, of EUR 60 for each one tenth percentage point or part thereof by which the Group's earnings per share increased over a period of three years, such increase being determined by a comparison of the Group's earnings per share for the year of remuneration with the Group's earnings per share for the third financial year preceding the year of remuneration.

The remuneration based on b) and c) is limited to a maximum amount of EUR 24,000 each. The performance-based remuneration will be calculated based on the Group's earnings for the respective financial year as shown in the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). In case of subsequent amendments to the Group's earnings per share, the amended amount shall apply. If amendments to the accounting standards result in an increase or decrease in the Group's earnings per share, all the Group's earnings per share amounts relevant for the determination of the performance-based remuneration are to be determined in accordance with the changed standards in order to ensure comparability. The Allianz AG Group's earnings per share reported in the consolidated financial statements for the years up to and including 2004 are to be adjusted for the regular amortization of goodwill made.

If the Group's earnings per share, as determined in accordance with the above rules, for the year preceding the year of remuneration in the case of b) or for the third year preceding the year of remuneration in the case of c), are below EUR 5, the amount of the Group's earnings per share relevant for the performance-based remuneration for these financial years will be EUR 5.

11.2 The Chairman of the Supervisory Board will receive two times, and each deputy Chairman one-and-one-half times, the remuneration according to paragraph 1.

Each member of a Supervisory Board committee, except for the audit committee will receive an additional 25% of the remuneration according to paragraph 1, while the Chairman of such committee will receive an additional 50%. Members of the audit committee will receive an additional annual fixed remuneration of EUR 30,000, while the Chairman will receive an additional EUR 45,000.

The total annual remuneration of a member of the Supervisory Board shall not exceed two times, and the remuneration of the Chairman of the Supervisory Board shall not exceed three times, the remuneration according to paragraph 1.

- 11.3 In addition, the members of the Supervisory Board will receive an attendance fee of EUR 500 for each personal attendance of meetings of the Supervisory Board and its committees requiring such personal attendance. Should several such meetings be held on the same or on consecutive days, the attendance fee will be paid only once.
- 11.4 Supervisory Board members, who served for only part of the financial year, shall receive one twelfth of the annual remuneration for each month of service or any part of such month. The same applies to membership in Supervisory Board committees.
- 11.5 The remuneration according to paragraphs 1 and 2 is due after the end of the General Meeting, to which the consolidated financial statements for the year of remuneration are submitted or which decides on their approval.
- 11.6 The Company reimburses the members of the Supervisory Board for their out-of-pocket expenses and the VAT payable on their Supervisory Board activity. The Company provides insurance coverage and technical support to the Supervisory Board members to an extent reasonable for carrying out the Supervisory Board duties.

5. General Meeting

§ 12

- 12.1 The regular General Meeting shall be held within the first six months after the end of the financial year.
- 12.2 Depending on the choice of the Board of Management, the General Meeting shall be held at the Company's registered office or in another German city with more than 100,000 residents.
- 12.3 The registration for participation in each General Meeting must be received by the Company at the address notified for this purpose in the convening notice no later than on the last day of the statutory registration period, unless the Board of Management determines a later deadline for the registration. The registration deadline is published together with the notice convening the General Meeting in the Company's designated publications (*Gesellschaftsblätter*).

- 12.4 Shareholders shall be entitled to participate in the General Meeting and to exercise their voting right if they have registered for participation in due time and if their respective shares are registered in the share register.
- 12.5 The voting right may be exercised by representatives. Proxies, which the shareholder delivers to the Company or any voting right representative appointed by it, can be granted by electronic means as further designated by the Company. The details on granting these proxies will be announced in the Company's designated publications (*Gesellschaftsblätter*) along with the notice of the General Meeting.

§ 13

- 13.1 The General Meeting shall be presided over by the Chairman of the Supervisory Board or, if he is unable to attend, by another member of the Supervisory Board to be appointed by the Supervisory Board.
- 13.2 If announced in the invitation to the General Meeting, the meeting's Chairman may permit the audio-visual transmission of the General Meeting via electronic media in a manner to be specified by him in more detail.
- 13.3 The Chairman of the meeting governs the course of the General Meeting. He determines the order of the speakers. In addition, he can reasonably limit the time for the question and speaking rights of the shareholders; in particular, he may reasonably determine at the beginning or during the course of the General Meeting the temporal framework of the course of the meeting, of the discussion of the items of the agenda, as well as the individual question and speaking contributions. In determining the amount of time to be allocated to an individual speech or set of questions, the Chairman of the meeting can distinguish between a first and a repeated request to take the floor and pursuant to other reasonable criteria.

The voting procedure shall be determined by the chairman of the meeting. He may determine a sequence of discussion of items differing from that stated in the convening notice.

- 13.4 Resolutions of the General Meeting shall be passed, unless mandatory legal provisions require otherwise, by a simple majority of the valid votes cast. Unless this conflicts with mandatory legal provisions, changes of the statutes require a majority of two-thirds of the votes cast, or, as the case may be, if at least one-half of the share capital is represented, the simple majority of the votes cast. As far as the law requires a capital majority in addition to a majority of votes for resolutions of the General Meeting, a simple majority of the share capital represented at the time the resolution is passed shall be sufficient, to the extent that this is legally admissible.

6. Annual Financial Statements; Appropriation of Profits

§ 14

Within the time prescribed by law, the Board of Management shall prepare the annual financial statements (balance sheet, income statement, notes) and the management report as well as the consolidated financial statement and management report for the Group and to submit these to the Supervisory Board and to the Auditor.

§ 15

If the Board of Management and the Supervisory Board adopt the annual financial statements, they may transfer more than one half of the annual net income (*Jahresüberschuss*) to other appropriated retained earnings (*andere Gewinnrücklagen*) until one half of the share capital is attained.

§ 16

To the extent the Company or its legal predecessor, Allianz AG, has issued profit participation rights and the respective terms of the profit participation rights result in a claim to a share in the unappropriated retained earnings (*Bilanzgewinn*) for the holders of the profit participation rights, any claim of the shareholders to such share in the unappropriated retained earnings (*Bilanzgewinn*) shall be excluded.

§ 17

The General Meeting decides about the appropriation of the unappropriated retained earnings (*Bilanzgewinn*). It may also adopt a resolution for a distribution in kind instead of or in addition to a cash distribution.

7. Final Provisions

§ 18

18.1 The formation costs pertaining to the merger of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni (in the following also: RAS) and Allianz Aktiengesellschaft amount to EUR 95,000,000.

18.2 In the course of the change of legal form of Allianz Aktiengesellschaft into Allianz SE by way of merger of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni into Allianz Aktiengesellschaft, the following benefits have been granted:

a) RAS Stock Options Plan 2004

In connection with the merger, a managing member (*Amministratore Delegato*) of the Board of Directors (*Consiglio di Amministrazione*) of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni as well as other executive employees of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni and its group companies employed in Italy, who are not members of the Board of Directors of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, have been granted the right to exercise their stock option rights granted in 2004 prematurely, *i.e.* during a tender offer period from October 20, 2005 through November 23, 2005 of Allianz Aktiengesellschaft to purchase shares of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, and not only during the original exercise period for these stock options from February 1, 2006 through January 31, 2011. All beneficiaries exercised their respective rights with the effect that RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni granted these beneficiaries a total of 680,000 ordinary shares of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni at an exercise price of EUR 14.324 per ordinary share in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni. The names of the beneficiaries and the number of shares purchased by them, respectively, are shown in Annex 1 which is part of these Statutes.

b) RAS Stock Options Plan 2005

In February 2005, based on a stock option plan, a managing member (*Amministratore Delegato*) of the Board of Directors (*Consiglio di Amministrazione*) of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni as well as other executive employees of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni and its group companies employed in Italy, who are not members of the Board of Directors of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, have received as part of their remuneration 1,200,000 stock options which entitle the beneficiaries to purchase an identical amount of ordinary shares in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni at a price of EUR 17.085 per share. This exercise price corresponds to the average price of the ordinary shares in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni in the month preceding the issuance of the stock options, *i.e.* in the period from December 31, 2004 through January 31, 2005. According to the terms and conditions for the exercise, the stock options are exercisable from February 1, 2008 through January 31, 2012, provided that (i) in the fiscal year 2005 RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni reaches at least 80 % of its planned targets in terms of both increase of value pursuant to the EVA®-concept (economic value added) as well as the annual net income under IAS, and (ii) at the point in time the respective stock option is exercised, the price per ordinary share in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni is at least 10 % higher than the average price in January 2005 (*i.e.* at least EUR 18.794).

As a result of the resignation of certain beneficiaries under this stock-option plan, the number of exercisable stock-options was reduced from 1,200,000 to 953,000.

Upon effectiveness of the merger, these stock options will be adapted as follows: The beneficiaries shall be granted the right to purchase 173,241 shares in Allianz SE in lieu of 953,000 ordinary shares in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni. The names of the beneficiaries and the stock option rights they are entitled to are shown in Annex 1 which is part of these Statutes. The exercise price shall thereby be EUR 93.99 per share in Allianz SE and correspond to the average price of Allianz shares during the same reference period of time that was applicable for the determination of the original exercise price for the ordinary shares in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, *i.e.*, from December 31, 2004 through January 31, 2005. The number of shares in Allianz SE to be delivered to the beneficiaries upon exercise of the stock options shall be calculated according to the ratio of the original exercise price per ordinary share in RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni and the exercise price per share in Allianz SE. Condition to the exercise is that RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni in the fiscal year 2005 reaches at least 80 % of its planned targets in terms of both increase of value pursuant to the EVA®-concept (economic value added) as well as the annual net income under IAS.

c) Appointment as Member of the Board of Management and the Supervisory Board of Allianz SE

As a matter of legal precaution, it is noted that, notwithstanding the legal competence of the Supervisory Board of Allianz SE under German stock corporation law, the members of the Board of Management of Allianz AG in office as of January 1, 2006 are expected to be appointed as members of the Board of Management of Allianz SE. Members of the Board of Management of Allianz AG as of January 1, 2006 will be Michael Diekmann, Dr. Paul Achleitner, Clement Booth, Jan R. Carendi, Enrico Cucchiani, Dr. Joachim Faber, Dr. Helmut Perlet, Dr. Gerhard Rupprecht, Jean-Philippe Thierry, Dr. Herbert Walter and Dr. Werner Zedelius.

Furthermore, members and substitute members from the group of the shareholder representatives of the Supervisory Board of Allianz AG shall be appointed members or substitute members of the Supervisory Board of Allianz SE, respectively (see Section 6 para. 2 sentence 1 and para. 3 sentence 1).

d) Appointment as Members of the Board of Directors and the Controlling Body *Collegio Sindacale* of RAS Italia S.p.A.

As a matter of legal precaution it is further noted that members of the Board of Directors and of the controlling body *Collegio Sindacale* of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni were appointed members of the Board of Directors or the controlling body *Collegio Sindacale* of RAS Italia S.p.A., Milan, Italy (in the future to operate under the corporate name RAS S.p.A.) prior to the effectiveness of the merger in the course of the hive-down of the business of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni into RAS Italia S.p.A. (in the future to operate under the corporate name RAS S.p.A.). These are for the Board of Directors of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni or, respectively RAS Italia S.p.A. Giuseppe Vita, Michael Diekmann, Paolo Vagnone, Paolo Biasi, Detlev Bremkamp, Carlo Buora, Vittorio Colao, Nicola Costa, Rodolfo De Benedetti, Klaus Duehrkop, Pietro Ferrero, Francesco Micheli, Salvatore Orlando, Dr. Helmut Perlet, Giampiero Pesenti, Andrea Pininfarina, Gianfelice Rocca and Carlo Salvatori, whereby Mr. Detlev Bremkamp and Mr. Klaus Duehrkop will cease to be members as of December 31, 2005. They will be followed by Enrico Cucchiani and Dr. Joachim Faber. With respect to the controlling body *Collegio Sindacale* of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni or, respectively RAS Italia S.p.A. these are Pietro Manzonetto, Paolo Pascot and Giorgio Stroppiana, as well as Michele Carpaneda as substitute member.

RAS Stock Option Plan 2004/RAS Stock Option Plan 2005

Beneficiaries	RAS Stock Option Plan 2004			RAS Stock Option Plan 2005		
	Exercise Price € 14.324			Exercise Price € 17.085		
	allotted	exercised	remaining	allotted	exercised	remaining
Managing Member of the Board of Directors						
Vagnone Paolo	50,000	-50,000	0	100,000		100,000
General Managers						
Riches Pierluigi	50,000	-50,000	0	100,000		100,000
Scarfò Alessandro	45,000	-45,000	0	65,000		65,000
Total General Managers	95,000	-95,000				
Albini Valter	12,000	-12,000	0	15,000		15,000
Allievi Luca	7,000	-7,000	0	20,000		20,000
Andreoni Aldo	15,000	-15,000	0	15,000		15,000
Bellotto Paolo	20,000	-20,000	0	30,000		30,000
Biagini Giancarlo	5,000	-5,000	0	5,000		5,000
Brandolini Dario	11,000	-11,000	0	11,000		11,000
Brustia Maria Giuseppina	15,000	-15,000	0	15,000		15,000
Candia Camillo				20,000		20,000
Colio Michele	20,000	-20,000	0	30,000		30,000
Costantini Pier Giorgio	7,000	-7,000	0	15,000		15,000
Cuttini Attilio	7,000	-7,000	0	7,000		7,000
D'Abramo Daniele	35,000	-35,000	0	45,000		45,000
Devescovi Maurizio	45,000	-45,000	0	65,000		65,000
Franzi Marco				5,000		5,000
Fumagalli Diego	38,000	-38,000	0	40,000		40,000
Mancino Nicola	7,000	-7,000	0	7,000		7,000
Marello Marco	30,000	-30,000	0			
Militello Salvatore	27,000	-27,000	0			
Milone Giuseppe	7,000	-7,000	0	7,000		7,000
Moia Davide	17,000	-17,000	0	20,000		20,000
Monteverdi Stefano				10,000		10,000
Morchio Massimo	15,000	-15,000	0	15,000		15,000
Notarbartolo di Villarosa Roberto	30,000	-30,000	0	35,000		35,000
Plazzotta Marco				15,000		15,000
Poggi Manuele	5,000	-5,000	0	5,000		5,000
Raimondi Livio	38,000	-38,000	0	40,000		40,000
Re Mauro	11,000	-11,000	0	15,000		15,000
Santoliquido Alessandro	47,000	-47,000	0	100,000		100,000
Sommella Guido	25,000	-25,000	0	35,000		35,000
Stefanelli Salvatore	11,000	-11,000	0	11,000		11,000
Verderosa Pierluigi	28,000	-28,000	0	35,000		35,000
Total "allotted"	900,000			1,200,000		
Total "current"	680,000	-680,000	0	953,000	0	953,000

Merger of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, Milan, Italy (in the following also: RAS) into Allianz Aktiengesellschaft, Munich, Germany (in the following also: Allianz AG)

– Publication in accordance with Art. 21 of Council Regulation (EC) No. 2157/2001 of October 8, 2001 (SE Regulation) –

RAS shall be merged with Allianz AG (as acquiring company) by way of merger by acquisition without liquidation in accordance with Art. 17 para. 2 lit. a) of Regulation (EC) No. 2157/2001 of the Council of October 8, 2001 on the Statute for a European company (SE) (hereinafter: SE Regulation).

For each of the merging companies, the following particulars are hereby published according to Art. 21 lit. a) to e) of the SE Regulation:

1. RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni (RAS)

(a) Type, Name and Registered Office of RAS

Type: Italian stock corporation (*società per azioni*)

Name: RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, in short: RIUNIONE ADRIATICA DI SICURTÀ S.p.A. or RAS S.p.A.

Registered office: Milan, Italy, registered with the company register (*Registro delle Imprese*) of Milan, Italy under No. 00218610327

(b) Register, in which the documents referred to in Art. 3 para. 2 of Directive 68/151/EEC are filed, and the number of the entry in that register

Company register (*Registro delle Imprese*) of Milan, Italy under No. 00218610327. This is where the documents according to Art. 3 para. 2 of the Directive 68/151/EEC are filed.

(c) Indication of the arrangements made in accordance with Art. 24 para. 1 lit. a) to c) of the SE Regulation for the exercise of the rights of the creditors of RAS and the address at which complete information on those arrangements may be obtained free of charge

According to Art. 24 para. 1 of the SE Regulation, with respect to the protection of creditors of the merging companies, the law of the Member States governing the respective merging company shall apply as in the case of a merger of public limited-liability companies, taking into account, however, the cross-border nature of the merger.

Pursuant to Art. 2503 of the Italian Civil Code (*Codice Civile*), RAS's creditors are entitled to challenge the merger by filing an opposition within a 60-day period.

The address at which complete information on the arrangements made for the exercise of the rights of the creditors of RAS may be obtained free of charge, is the following:

RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni
Corporate Secretary
Attn. Aldo Andreoni
Corso Italia, 23
I-20122 Milano, Italy

- (d) Indication of the arrangements made in accordance with Art. 24 para. 2 SE Regulation for the exercise of the rights of minority shareholders of RAS and the address at which complete information on those arrangements may be obtained free of charge

According to Art. 24 para. 2 of the SE Regulation, every Member State may, in case of the merging companies governed by its law, adopt provisions designed to ensure appropriate protection for minority shareholders who have opposed the merger.

Under Italian law, the following provisions with respect to protection of minority shareholders of RAS exist.

Cash Exit Right

According to Art. 2437 para. 1 lit. a), c) and g) of the Italian Civil Code (*Codice Civile*), cash exit rights will be granted to:

- Holders of RAS Ordinary Shares and holders of RAS Savings Shares who will not participate in, or vote against in the extraordinary shareholders meeting of RAS, resolving upon the resolutions to (i) amend the corporate purpose of RAS as a result of the hive-down of the business of RAS or (ii) approve the merger plan of December 16, 2005 on the merger of RAS into Allianz AG, since the Acquiring Company will not have its registered office in Italy;
- holders of RAS Savings Shares who will not participate in, or will vote against in the extraordinary shareholders' meeting of holders of RAS Savings Shares, the resolutions to approve this merger plan provided that holders of RAS Savings Shares are not granted shares of Allianz AG with special economic rights as attached to the RAS Savings Shares.

The cash exit liquidation value is determined pursuant to the average closing price of RAS Ordinary Shares and RAS Savings Shares, respectively, at the Italian stock exchange within the six-month period prior to the publication of the invitations to the extraordinary shareholders' meetings resolving upon the merger respectively the amendment of the corporate purpose of RAS. In the present case, the liquidation value of the cash exit right amounts to EUR 16.72 per RAS Ordinary Share and EUR 24.24 per RAS Savings Share.

The liquidation value of such cash exit right will be actually received by the withdrawing shareholders of RAS Ordinary Shares or RAS Savings Shares only upon completion of the procedure set forth under Articles 2437 *et seq.* of the Italian Civil Code (*Codice Civile*), which essentially contemplates the following steps: (i) offer to the non-withdrawing RAS shareholders of the RAS shares tendered by the withdrawing RAS shareholders, (ii) exercise of the preemption right (*diritto di prelazione*), which exceeds the statutory allotment right (*diritto di opzione*), regarding those shares remaining after the exercise of the statutory allotment right by those shareholders who have exercised such right simultaneously with their statutory preemption right, and (iii) payment for settlement of the obligations resulting from the actions referred to in points (i) and (ii) above.

Action for Annulment

Shareholders of RAS representing, also collectively, at least 0.1 % of the RAS' ordinary share capital may file an action for annulment against the shareholders' resolution on the merger of the RAS extraordinary shareholders' meeting of February 3, 2006.

The action for annulment can be filed within 90 days as of the date on which the resolution of the extraordinary shareholders' meeting will be registered with the company register (*Registro delle Imprese*) of Milan, Italy. Any action for annulment has to be based on grounds specifically provided for in the Italian law. Exclusive jurisdiction lies with the Court of Milan (*Foro di Milano*) as the court in whose district RAS has its registered office.

The address at which complete information on the arrangements for the exercise of the rights of minority shareholders of RAS may be obtained free of charge, is the following:

RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni
Corporate Secretary
Attn. Aldo Andreoni
Corso Italia, 23
I-20122 Milano, Italy

(e) Name and registered office proposed for the SE

The SE which is formed by way of merger of RAS into Allianz AG will have the name "Allianz SE" and its registered office will be in Munich, Germany.

2. Allianz Aktiengesellschaft (Allianz AG)

(a) Type, Name and Registered Office of Allianz AG

Type: German stock corporation (*Aktiengesellschaft*)

Name: Allianz Aktiengesellschaft

Registered Office: Munich, Germany, registered in the Commercial Register (*Handelsregister*) of the local court of Munich under HRB 7158.

(b) Register, in which the documents referred to in Art. 3 para. 2 of Directive 68/151/EEC are filed, and the number of the entry in that register

Commercial Register (*Handelsregister*) of the local court of Munich, Germany, under HRB 7158. This is where the documents referred to in Art. 3 para. 2 of Directive 68/151/EEC are filed.

(c) Indication of the arrangements made in accordance with Art. 24 para. 1 lit. a) to c) of the SE Regulation for the exercise of the rights of the creditors of Allianz AG and the address at which complete information on those arrangements may be obtained free of charge

According to Art. 24 para. 1 of the SE Regulation, with respect to the protection of creditors of the merging companies, the law of the Member States governing the respective merging company shall apply as in the case of a merger of public limited-liability companies, taking into account, however, the cross-border nature of the merger.

Under German law, creditor protection is governed by Section 22 of the German Transformation Act (*Umwandlungsgesetz – UmwG*). Accordingly, security has to be provided for the creditors of Allianz AG to the extent they cannot demand satisfaction of their claims, provided, however, that they file in writing their claim stating its basis and amount within six months after the day on which the registration of the merger in the register of the registered office of Allianz AG is deemed to be published according to Section 19 para. 3 of the German Transformation Act. The merger is deemed to be published with the publication of the registration of the merger in its entirety in the German Federal Gazette (*Bundesanzeiger*) and in at least one other journal for publication. The publication for such entity shall be deemed to have taken place at the end of the day on which the journal was published that contains such notice the latest.

However, the creditors of Allianz AG shall be entitled to such right only if they demonstrate that the fulfillment of their claim is jeopardized by the merger. The creditors have to be informed of this right in the publication of the respective registration. According to Section 22 para. 2 German Transformation Act, creditors do not have the right to demand security if, in case of an insolvency, they have a right to a preferential payment from a fund

which has been established pursuant to the law for their protection and is supervised by the government. Furthermore, creditor protection under Section 22 German Transformation Act in combination with Art. 24 para. 1 SE Regulation is limited to the protection of creditors of the German company - *i.e.* Allianz AG – in cases of a cross border merger, which applies also to the present case. Creditors of RAS are protected by the Italian creditor protection laws (see 1.)(c) above).

With respect to bond holders of Allianz AG (especially creditors of convertible bonds, option bonds and profit bonds) and holders of securities, other than shares, which carry special rights in the managing companies (*e.g.* holders of profit-participation certificates of Allianz AG) no specific measures are provided. The aforementioned creditor protection rules apply.

The special creditor protection rights under Sections 8, 13 of the German SE Implementation Act (SEAG) are, in the present case, not applicable, since the registered office of the future Allianz SE will, from a German perspective, be inland.

The address at which complete information on the arrangements made for the exercise of the rights of the creditors of the company may be obtained free of charge, is the following:

Allianz Aktiengesellschaft
Group Legal Services
Attn. Dr. Peter Hemeling
Königinstraße 28
D-80802 Munich
Germany.

- (d) Indication of the arrangements made in accordance with Art. 24 para. 2 SE Regulation for the exercise of the rights of minority shareholders of Allianz AG and the address at which complete information on those arrangements may be obtained free of charge

According to Art. 24 para. 2 of the SE Regulation, every Member State may, in case of the merging companies governed by its law, adopt provisions designed to ensure appropriate protection for minority shareholders who have opposed the merger.

Shareholders of Allianz AG may file an action for annulment or a contestation action with respect to the shareholders' resolution of the Allianz AG extraordinary general meeting of February 8, 2006.

The action for annulment can be filed within one month of the adoption of the resolution by the shareholders' meeting (Section 14 para. 1 of the German Transformation Act). It has to be based on grounds for annulment specifically provided for in the law (Section 241 of the German Stock Corporation Act (*Aktiengesetz*)). Exclusive jurisdiction lies with the district court Munich I (*Landgericht München I*), Germany, which is the district court in the district of which Allianz AG has its registered office.

A contestation action, too, has to be instituted within one month of the adoption of a resolution by the shareholders' meeting of Allianz AG. In general, it can be based upon every violation of the law or the articles of association. Every shareholder of Allianz AG who attended the shareholders' meeting has standing to institute a contestation action, provided, however, that he recorded in writing his objection to the resolution in the minutes of the meeting. Shareholders who did not attend the shareholders' meeting only have standing to institute a contestation action if they were wrongfully denied admission to the shareholders' meeting, if notice of the meeting was not properly given, if the object of the resolution was not properly published or insofar as the contestation action is based on Section 243 para. 2 German Stock Corporation Act (pursuit of special advantages). Here too, exclusive jurisdiction lies with the district court Munich I (*Landgericht München I*), Germany, which is the district court in the district of which Allianz AG has its registered office.

If, upon a contestation action or an action of annulment, the shareholder resolution has been declared void by a final and binding judgment, such judgment shall be binding on all shareholders and the members of the Board of Management and the Supervisory Board, even if such persons were not parties to the action. The annulment of the resolution cannot be declared if the resolution has been registered in the meantime in the commercial register at the registered office of Allianz AG and thereby the merger has become effective as a result of an approval procedure (*Freigabeverfahren*) pursuant to Section 16 para. 3 of the German Transformation Act. In this case, Allianz SE would be obliged pursuant to Section 16 para. 3 sentence 6 of the German Transformation Act to reimburse the defendant of the approval procedure for any damages which he suffers from the registration of the merger due to the approval order (*Freigabebeschluss*). The abolishment of the effects of the registration of the merger in the commercial register at the registered office of Allianz AG resp. Allianz SE cannot be claimed as damages.

The termination of the procedures, without regard to its reason, has to be published by Allianz AG without undue delay in its designated company journals (*Gesellschaftsblätter*) (Sections 248a sentence 1 of the German Stock Corporation Act). The publication of the termination of the procedures has to contain pursuant to Sections 248a sentence 2, 149 para. 2 and 3 German Stock Corporation Act the kind of termination, all agreements related thereto, including ancillary agreements, in their full text and the names of the parties. Benefits, if any, of Allianz AG and benefits granted by third parties which are attributable to Allianz AG have to be described separately and have to be emphasized. The full publication is prerequisite for the validity of all obligations entered into. The effectiveness of actions terminating the court proceedings (*verfahrensbeendigende Maßnahmen*) remains unaffected. Payments made in spite of the ineffectiveness may be claimed back. The aforementioned provisions apply accordingly to agreements that are concluded to avoid a lawsuit.

By contrast, in the present case, shareholders of Allianz AG do not have a cash exit right. Although Section 7 German SE Implementation Act (SEAG) does provide for such a cash exit right for the benefit of the shareholders of the transferring company, provided the registered office of the future SE will, from a German perspective, be abroad. Section 7 of the German SE Implementation Act (*SE-Ausführungsgesetz, SEAG*) does not apply in the present case, since Allianz AG will be the receiving company and the registered office of the future Allianz SE will be within Germany.

The address at which complete information on the arrangements for the exercise of the rights of minority shareholders may be obtained free of charge, is the following:

Allianz Aktiengesellschaft
Group Legal Services
Attn. Dr. Peter Hemeling
Königinstraße 28
D-80802 München
Germany.

(e) Name and registered office proposed for the SE

The SE which is formed by way of the merger of RAS into Allianz AG will have the corporate name "Allianz SE" and its registered office will be in Munich, Germany.

End of Annex

PART B

Merger Report

MERGER REPORT

of the Board of Management of Allianz Aktiengesellschaft

Regarding the Merger

of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni, Milan

into Allianz Aktiengesellschaft, Munich

for the Formation of Allianz SE, Munich

CONTENT

	Page
I. Introduction.....	50
1. Overview of the Transaction.....	50
2. Legal Basis.....	50
3. Overview of the Merger Report.....	51
II. The Companies Involved in the Merger	53
1. Allianz Aktiengesellschaft	53
a) Registered Office, Financial Year and Corporate Purpose.....	53
b) Corporate History and Development	53
c) Business Activities and Participations in Other Companies.....	55
(aa) Overview of Allianz Group	55
(bb) Property/Casualty Insurance	58
(cc) Life/Health Insurance.....	59
(dd) Banking.....	61
(ee) Asset Management.....	62
(ff) Primary Subsidiaries of Allianz	63
(gg) Development in Financial Year 2004 and in the First Nine Months of Financial Year 2005, Key Indicators of Allianz Group.....	66
d) Share Capital and Shareholders	75
(aa) Share Capital.....	75
(bb) Authorisation for the Acquisition of Treasury Shares	75
(cc) Authorised Capital	76
(dd) Authorisation for the Issuance of Convertible and Option Bonds.....	77
(ee) Conditional Capital	78
(ff) Shareholders.....	79
e) Corporate Bodies	79
(aa) Board of Management.....	79
(bb) Supervisory Board	80
f) Employees and Co-Determination.....	81
2. Riunione Adriatica di Sicurtà S.p.A. (RAS).....	81
a) Registered Office, Financial Year and Corporate Purpose.....	81
b) Corporate History and Development	82
c) Business Activities and Participations in Other Companies.....	82
(aa) Overview.....	83
(bb) Property/Casualty Insurance	85
(cc) Life/Health Insurance.....	86
(dd) Personal Financial Services	86
(ee) Primary Subsidiaries of RAS	88
d) Business Development and Key Indicators	89
(aa) Overview.....	89
(bb) Comparison of Financial years 2004 and 2003.....	91
(cc) Comparison of the First Nine Months of 2005 and 2004	92
(dd) Liquidity and Financial Strength	93
e) Share Capital and Shareholders	94
(aa) Share Capital.....	94
(bb) Authorised Capital	94

	(cc) Issuance of Convertible Bonds	95
	(dd) Shareholders.....	95
	f) Corporate Bodies	95
	g) Employees.....	96
III.	Business Rationale of the Merger	97
	1. Current Situation.....	97
	a) General Market Situation in Europe	97
	b) Market Situation of Allianz Group in Europe.....	97
	2. Strategic Objectives of Allianz Group and Their Implementation	98
	3. Principal Reasons for the Merger	99
	a) Overview.....	99
	b) Reorganisation of Group Structure	99
	c) More Efficient Management and Organisational Structures	102
	4. Alternatives for a Combination Without a Merger	102
	a) Takeover Offer and Squeeze-Out	102
	b) Takeover Offer and Conclusion of a Domination Agreement (Beherrschungsvertrag).....	103
	c) Merger103	
	5. Costs of the Combination.....	104
IV.	Implementation of the Merger	105
	1. Merger by Acquisition with Adoption of the Legal Form of an SE	105
	2. Major Steps of the Merger	105
	a) Merger Plan.....	105
	b) Extraordinary General Meeting of Allianz and Extraordinary Shareholders' Meetings of RAS.....	106
	c) Conduct of the Procedure for the Involvement of Employees in the Future Allianz SE	107
	d) Registration of the Merger and Conversion into Allianz SE	107
	(aa) Filing and Registration in the Company Register of RAS.....	107
	(bb) Filing and Registration of the Capital Increase in the Commercial Register of Allianz	108
	(cc) Establishment of the First Supervisory Board of the Future Allianz SE and Appointment of the First Board of Management	108
	(dd) Filing and Registration of the Merger in the Commercial Register of Allianz	108
	e) Delivery of the Allianz SE Shares to the Shareholders of RAS	110
	3. Preparatory and Accompanying Measures in Connection with the Merger	110
	a) Transfer of RAS Shares within Allianz Group	110
	b) Hive-Down of the Business of RAS	111
	c) Cash Exit Right of the RAS Shareholders	112
	d) Voluntary Tender Offer and Related Acquisitions	112
V.	Accounting, Corporate Law and Tax Effects of the Merger	114
	1. Accounting Effects.....	114
	a) Qualifications Regarding Forward-Looking Statements	114
	b) Forecasted Group Earnings for the Financial Year 2005 not Considering the Effects from the Voluntary Tender Offer and the Merger	114

c)	Unaudited Pro-Forma Forecasted Consolidated Balance Sheet as per December 31, 2005, and Unaudited Pro-Forma Forecasted Consolidated Income Statement from January 1 through December 31, 2005 of Allianz SE	115
(aa)	Voluntary Tender Offer for RAS Minority Interests	119
(bb)	Capital Increase in the Course of the Merger	119
(cc)	Consolidation RAS After Acquisition of all Minority Interests	120
(dd)	Repayment of the Equity-Linked Loan in Cash and Issuing of a Subordinated Bond	120
(ee)	Adjustment of Minority Interests in RAS Earnings	121
(ff)	Adjustment RAS Dividend	121
(gg)	Adjustment Taxes	121
d)	Unaudited Pro-Forma Forecasted Balance Sheet as per December 31, 2005, and Unaudited Pro-Forma Forecasted Income Statement from January 1 through December 31, 2005 of Allianz SE	121
(aa)	Complete Acquisition of RAS Shares and Financing	123
(bb)	Merger RAS into Allianz	124
2.	Corporate Law Effects	124
a)	Legal Effects of the Merger	124
b)	Dividend Entitlements	125
c)	Changes in the Legal Position of the Allianz Shareholders	125
d)	Shareholder Structure of Allianz SE After Implementation of the Merger	126
e)	Effects on the Stock Option Plans of RAS	126
3.	Tax Effects	126
a)	Taxation of the Merger Transaction	127
b)	Taxation of the future Allianz SE and of the Shareholders of the future Allianz SE after the Implementation of the Merger	127
VI.	Discussion of the Merger Plan and the Statutes of Allianz SE	128
1.	Discussion of the Merger Plan	128
a)	Merger of RAS into Allianz AG (Section 1 of the Merger Plan)	128
b)	Effectiveness of the Merger, Merger Effective Date (Section 2 of the Merger Plan)	129
c)	European Company (Section 3 of the Merger Plan)	129
d)	Hive-Down of the Business of RAS to RAS Italia S.p.A. (Section 4 of the Merger Plan)	130
e)	Cash Exit Right of the RAS Shareholders (Section 5 of the Merger Plan)	131
f)	Consideration/Share-Exchange Ratio in the Course of the Merger (Section 6 of the Merger Plan)	132
g)	Capital Increase (Section 7 of the Merger Plan)	132
h)	Trustee (Section 8 of the Merger Plan)	133
i)	Holder of Special Rights and Holders of Other Securities (Section 9 of the Merger Plan)	133
(aa)	RAS Savings Shares	133
(bb)	RAS Stock Option Plans	134
j)	Special Advantages (Section 10 of the Merger Plan)	134
k)	Rights of Creditors and Minority Shareholders (Section 11 and Annex II of the Merger Plan)	135
(aa)	Rights of Creditors of Allianz and RAS	136
(bb)	Rights of Minority Shareholders of Allianz and RAS Pursuant to Art. 24 Para. 2 SE Regulation	137

l)	Information on the Procedure for Arrangements for Employee Involvement (Section 12 of the Merger Plan).....	139
(aa)	Basic Principles and Definitions (Section 12.1 of the Merger Plan) .	139
(bb)	Current Situation; Effects of the Merger for the Employees (Section 12.2 of the Merger Plan).....	140
(cc)	Initiation of the Procedure Regarding the Involvement of Employees (Section 12.3 of the Merger Plan).....	142
(dd)	Establishment of the Special Negotiating Body (Section 12.4 of the Merger Plan)	143
(ee)	Beginning and Subject Matter of the Negotiations (Section 12.5 of the Merger Plan)	144
(ff)	Agreement Regarding Co-Determination (Section 12.6 of the Merger Plan)	145
(gg)	Agreement Regarding the Information and Consultation of the Employees (Section 12.7 of the Merger Plan).....	146
(hh)	Adoption of Resolutions in the Special Negotiating Body (Sections 12.8, 12.9 of the Merger Plan)	146
(ii)	Statutory Fall-Back Solution (Section 12.10 of the Merger Plan).....	147
(jj)	Review at Regular Intervals (Section 12.11 of the Merger Plan).....	148
(kk)	Costs of the Special Negotiating Body (Section 12.12 of the Merger Plan)	148
(ll)	Priority of Statutory Law (Section 12.13 of the Merger Plan)	149
2.	Discussion of the Statutes of Allianz SE	149
a)	Company Name, Registered Office, Corporate Purpose, Notifications, Financial Year (Section 1 of the Statutes)	149
b)	Capital Structure (Section 2 of the Statutes).....	149
(aa)	Share Capital (Section 2 Para. 1 and 2 of the Statutes)	149
(bb)	Authorised Capital (Section 2 Para. 3 and 4 of the Statutes).....	150
(cc)	Conditional Capital (Section 2 Para. 5 and 6 of the Statutes).....	154
(dd)	Entitlement to Share in the Profits (Section 2 Para. 7 of the Statutes).....	157
c)	Certification (Section 3 of the Statutes).....	157
d)	Corporate Bodies of the Company (Section 4 of the Statutes)	158
e)	Board of Management (Section 5 of the Statutes).....	158
(aa)	Composition of the Board of Management (Section 5 Para. 1 of the Statutes).....	158
(bb)	Statutory Representation (Section 5 Para. 2 of the Statutes)	158
(cc)	Appointment and Term of the Members of the Board of Management (Section 5 Para. 3 of the Statutes)	158
(dd)	Adoption of Resolutions in the Board of Management (Section 5 Paras. 4, 5 and 6 of the Statutes).....	159
f)	Composition of the Supervisory Board; First Supervisory Board (Section 6 of the Statutes)	160
g)	Term of Office of Supervisory Board Members (Section 7 of the Statutes) .	160
h)	Adoption of Resolutions in the Supervisory Board (Section 8 of the Statutes).....	161
i)	Transactions Requiring Approval (Section 9 of the Statutes)	162
j)	Alteration of Wording (Section 10 of the Statutes)	162

k)	Remuneration of the Members of the Supervisory Board (Section 11 of the Statutes).....	163
(aa)	Remuneration Components (Section 11 Para. 1 of the Statutes).....	163
(bb)	Chairman, Deputy Chairmen and Members of Committees (Section 11 Para. 2 of the Statutes).....	164
(cc)	Attendance Fee (Section 11 Para. 3 of the Statutes).....	165
(dd)	Other Provisions (Section 11 Paras. 4 to 6 of the Statutes).....	165
l)	General Meeting (Section 12 of the Statutes).....	165
m)	Conduct of the General Meeting (Section 13 of the Statutes).....	166
n)	Preparation of the Annual Financial Statements (Section 14 of the Statutes).....	166
o)	Profit Reserves (Section 15 of the Statutes).....	166
p)	Profit Participation Rights (Section 16 of the Statutes).....	166
q)	Appropriation of Net Income (Section 17 of the Statutes).....	167
r)	Final Provisions (Section 18 of the Statutes).....	167
VII.	Securities and Stock Exchange Trading.....	168
1.	Effects of the Merger on the Shares of Allianz SE.....	168
2.	Effects of the Merger on the Shares of RAS.....	168
a)	RAS Shares Cease to Exist/Acquisition of Allianz SE Shares.....	168
b)	Implementation of the Share Exchange.....	168
3.	Effects of the Merger on Stock Exchange Trading.....	169
4.	Listing of Allianz SE in Milan.....	170
5.	Option Rights and Convertible Bonds.....	170
VIII.	Share-Exchange Ratio.....	171
1.	Valuation Principles and Methods.....	171
a)	Preliminary Remark.....	171
b)	General Valuation Principles.....	171
c)	Capitalised Earnings Value (Ertragswert).....	172
d)	Separately Valued Assets (Sonderwerte).....	174
e)	Liquidation Value (Liquidationswert).....	174
f)	Net Asset Value (Substanzwert).....	175
g)	Stock Market Price (Börsenkurs).....	175
h)	Value Per Share.....	176
2.	Determination of the Business Values.....	177
a)	General Approach.....	177
b)	Valuation Date (Bewertungsstichtag).....	177
c)	Structure and Definition of the Businesses Valued.....	178
d)	Analysis of Historical Results.....	179
e)	Business Plans.....	180
f)	Discount Rate.....	180
3.	Valuation of Allianz AG.....	186
a)	Capitalised Earnings Value.....	186
b)	Property/Casualty.....	187
c)	Life/Health.....	190
d)	Banking.....	193
e)	Asset Management.....	197
f)	Allianz Group.....	199
g)	Calculation of the Capitalised Earnings Value.....	202

h) Separately Valued Assets.....	204
i) Business Value and Value per Share	204
4. Valuation of RAS S.p.A.....	205
a) Capitalised Earnings Value (Ertragswert)	205
b) Property/Casualty.....	205
c) Life/Health	208
d) Banking	209
e) Asset Management.....	211
f) RAS Group.....	213
g) Calculation of the Capitalised Earnings Value	215
h) Separately Valued Assets.....	217
i) Business Value and Value per Share	217
5. Share-Exchange Ratio.....	218
6. Concluding Statements	218

Attachment 1: Key Indicators on the Balance Sheets and Income Statements of Allianz Group and RAS Group for the Financial Years 2004 and 2003 and as of September 30, 2005 taking into Account the Amended Accounting Standards

I. Introduction

1. Overview of the Transaction

On September 11, 2005, Allianz Aktiengesellschaft, Munich, Germany ("**Allianz**") and Riunione Adriatica di Sicurtà Società per Azioni, Milan, Italy ("**RAS**") have announced that RAS is to be merged into Allianz in a cross-border merger. This merger is one element of a comprehensive transaction for the full take-over of RAS by Allianz. Upon effectiveness of the merger, Allianz will adopt the legal form of a European Company (*Societas Europaea* – SE) and will operate under the corporate name Allianz SE.

The board of management of Allianz and the board of directors (*Consiglio di Amministrazione*) of RAS have set up on December 15, 2005, and on December 16, 2005, respectively, a draft of the merger plan pursuant to Art. 20 of the Council Regulation (EC) No. 2157/2001 of October 8, 2001, on the Statute for a European company (SE) ("**SE Regulation**"), which was notarised on December 16, 2005 (Deed No. 3543/2005 of the notary public Dr. Tilman Götte, Munich). The merger plan requires the approval of the general meeting of Allianz and the shareholders' meetings of the holders of RAS ordinary shares and RAS savings shares. The extraordinary shareholders' meetings of the holders of RAS ordinary shares and of RAS savings shares have been called for February 3, 2006, and the extraordinary general meeting of the Allianz shareholders will be called for February 8, 2006.

As a preparatory step of the merger, the business of RAS will be hived down, with the exception of certain participations in foreign companies, to RAS Italia S.p.A., Milan, Italy, a wholly-owned subsidiary of RAS. This step is necessary, amongst others, in order to maintain the structure of Allianz as a holding company and the Italian identity of the RAS business also after the implementation of the merger. After effectiveness of the hive-down, RAS Italia S.p.A. will be named RAS S.p.A. Accordingly, RAS will change its corporate name without change of its legal identity pursuant to the resolution of the shareholders' meeting on February 3, 2006.

Prior to the merger, Allianz has submitted to the shareholders of RAS a voluntary tender offer in respect of all RAS ordinary shares and RAS savings shares which were not yet held by Allianz.

As a further key element of the implementation of the merger the conduct of the procedure for the determination of arrangements for the involvement of employees in Allianz SE is required.

After the implementation of the aforementioned steps, the merger and with it the formation of Allianz SE could probably be registered in the commercial register at the registered office of Allianz in the autumn of 2006 and would thereby be completed.

2. Legal Basis

The merger is conducted pursuant to Art. 17 *et seq.* SE Regulation in connection with the provisions of the German Transformation Act (*Umwandlungsgesetz* – UmwG). Besides, the provisions of the German Act for the Implementation of Council

Regulation (EC) No. 2157/2001 of October 8, 2001, on the Statute for a European company (SE) of December 22, 2004 (*SE-Ausführungsgesetz* – SEAG; hereinafter: "**SE Implementation Act**") apply. The involvement of the employees in Allianz SE is subject to the provisions of Council Directive 2001/86/EC of October 8, 2001 supplementing the Statute for a European company with regard to the involvement of employees ("**SE Employee Involvement Directive**") in connection with the provisions of the German Act on the Involvement of the Employees in a European Company of December 22, 2004 (*SE-Beteiligungsgesetz* – SEBG; hereinafter: "**SE Employee Participation Act**") as well as the respective transformation provisions in Italy and in the other Member States of the European Union ("**EU**") and in the signatory states of the European Economic Area ("**EEA**") in which Allianz Group has employees.

3. Overview of the Merger Report

The board of management of Allianz and the board of directors of RAS have not made use of the option to submit a joint merger report. Therefore, this merger report is the merger report solely of the board of management of Allianz, which informs the shareholders of Allianz on the merger of RAS into Allianz pursuant to Art. 18 SE Regulation in combination with Section 8 para. 1 UmwG.

The board of directors of RAS has prepared a merger report (*Relazione illustrative dell' organo amministrativo*), (the "**RAS Merger Report**") pursuant to Art. 2501-*quinquies* of the Italian Civil Code (*Codice Civile*) and pursuant to Art. 70 (2) of the Italian regulations for issuers (*Regolamento Consob n. 11971* of May 14, 1999), which together with this merger report will be made available for inspection in the offices of Allianz from the time of the calling of the extraordinary general meeting of Allianz in accordance with Art. 18 SE Regulation in combination with Section 63 para. 1 no. 4 UmwG. In addition, RAS has to prepare an information memorandum (*Documento Informativo*) according to prerequisites of capital markets laws pursuant to Art. 70 (4) of the Italian regulations for issuers (*Regolamento Consob n. 11971* of May 14, 1999) (the "**Information Memorandum**").

The merger reports are intended to inform the shareholders and to enable them to decide on the merger. With regard to size and content, they follow different practices in Germany and Italy.

This merger report describes the participating companies, the economic reasons and the legal steps of the merger. Further, the report explains the consequences of the merger with regard to the balance sheet, corporate law and tax laws and it explains the merger plan and the statutes of the future Allianz SE, including issues of corporate governance and of the involvement of employees in Allianz SE. In addition the share-exchange ratio for the exchange of RAS shares into Allianz shares, as it was determined, is explained. In this context the determination of the value of the businesses is described and how the adequate share-exchange ratio was derived. The share-exchange ratio is derived from objective business values on the basis of the capitalised earnings value method (*Ertragswertverfahren*) according to the standard principles for the valuation of businesses ("*Grundsätze zur Durchführung von Unternehmensbewertungen*") ("**IDW S1**"). By contrast, in Italy, the determination of the merger exchange ratio is within the entrepreneurial discretion on the basis of

valuation methods, such as market multiples, sum of the parts, regression analysis, stock market price as well as in the present case for RAS according to the capitalised earnings value method with consideration of the IDW S1. For the determination of the share-exchange ratio Allianz appointed Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Stuttgart ("**Ernst & Young**"), and RAS has retained PriceWaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, as external advisors.

With regard to the presentation of the financials, there are differences, too. RAS Group uses local GAAP in its external financial statements (including the RAS Merger Report as well as the Information Memorandum). For the quarterly reports since the second quarter of 2005, RAS Group uses, for the first time, International Financial Reporting Standards ("**IFRS**"), in which accounting and valuation options are interpreted pursuant to the Italian GAAP and option rights are exercised in deviation from consolidated financial statements of Allianz.

Allianz and RAS have not made use of the option to appoint upon joint request of the companies involved in the merger an expert pursuant to Art. 22 SE Regulation. Therefore, by order of October 14, 2005, the District Court Munich I (*Landgericht München I*) has selected and appointed, upon request of the board of management of Allianz, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft ("**Deloitte & Touche**" or the "**Allianz Merger Auditor**"), Munich, as merger auditor of Allianz. By order of October 10, 2005, the Court of Milan (*Foro di Milano*) has appointed Mazars & Guérard S.p.A. ("**Mazars**" or the "**RAS Merger Auditor**"), Milan, as merger auditor of RAS.

II. The Companies Involved in the Merger

1. Allianz Aktiengesellschaft

a) Registered Office, Financial Year and Corporate Purpose

Allianz has its registered office in Munich, its business address is: Königinstraße 28, 80802 München, Germany. It is registered in the commercial register of the local court (*Amtsgericht*) in Munich under the entry number HRB 7158. The financial year of Allianz corresponds to the calendar year. Allianz is a reinsurer and the parent company of Allianz Group. Allianz and its group companies are hereinafter referred to as "**Allianz Group**".

According to Allianz's articles of association, its corporate purpose is the direction of an international group of companies which are active in the areas of insurance, banking, asset management and other financial, consulting and similar services. Allianz may hold interests in insurance companies, banks, industrial companies, investment companies and other enterprises. As a reinsurer, according to its articles of association Allianz primarily assumes insurance business from its group companies and other companies in which Allianz holds direct or indirect interests. Allianz is authorised to transact any business and to take any measures which seem appropriate to serve Allianz's corporate purpose. It may form and acquire companies and acquire interests in companies as well as manage companies, or it may confine itself to managing its interests. Finally, within the scope of its corporate purpose Allianz is authorised to raise loans and to issue bonds.

b) Corporate History and Development

The development of Allianz Group is characterised by the continuous development of the insurance business in the business segments property, life and health insurance, the gradual internationalisation of its business and the development of the asset management and banking businesses as separate business segments in addition to the insurance business.

Allianz was founded as a property insurer on February 5, 1890, in Berlin under the name Allianz Versicherungs-Aktien-Gesellschaft. The Allianz share was listed for the first time on the Berlin stock exchange in the year 1895. The property insurance business was expanded by the foundation of Neue Frankfurter Allgemeine Versicherungs-AG in 1929. In the course of the merger of Neue Frankfurter Allgemeine Versicherungs-AG with other insurance companies, the Frankfurter Versicherungs-AG was founded with its registered office in Frankfurt. In 1940, the company name of Allianz Versicherungs-Aktien-Gesellschaft was changed into Allianz Versicherungs-AG. In 1949, in addition to Berlin, a second registered office of Allianz Versicherungs-AG was established in Munich. The registered office in Berlin was given up in 1998.

In 1922, the life-insurance business was established by the formation of Allianz Lebensversicherungsbank AG with its registered office in Berlin. In 1927, the merger of Allianz Lebensversicherungsbank AG with various other life insurance companies led to the formation of Allianz und Stuttgarter Lebensversicherungsbank AG. In 1940,

the company name was changed into Allianz Lebensversicherungs-AG. In the year 1949, the registered office of Allianz Lebensversicherungs-AG was transferred from Berlin to Stuttgart.

In the year 1959, the business activities outside Germany were resumed with the opening of an Allianz branch in Paris. In 1966, the opening of a head office for Italy in Milan followed. At the beginning of the 1970s, there was an increasing expansion abroad, *inter alia* into the United Kingdom, the Netherlands, Spain and Brazil. Since 1976, property/casualty business was also underwritten in the United States.

In 1984, Allianz acquired an interest in RAS of, at first, approx. 14.3 %, which it increased to an interest of approx. 51.5 % until 1987. After execution of a share buy-back program conducted by RAS in December 2002, this participation increased to approx. 55.4 % of the share capital. After completion of the voluntary tender offer in October/November 2005, the interest now amounts to approx. 76.3 % of the share capital (*cf.* chapter IV.3.d)).

In 1985, Allianz transferred its operational insurance business to today's Allianz Versicherungs-AG; since then Allianz operates as a holding company with reinsurance activities. With this holding company structure, the basis for the further internationalisation of the business of Allianz Group was created.

Since 1989, Allianz Group has activities in Central and Eastern Europe. In 1991, Allianz acquired the U.S. insurer Fireman's Fund Insurance Company. Four years later, Allianz acquired Swiss ELVIA-Group in Zurich, Italian Lloyd Adriatico in Trieste and German Vereinte Group in Munich.

Since 1997, Vereinte Krankenversicherung is the health insurance company of Allianz Group; today, it operates under the company name Allianz Private Krankenversicherungs-AG.

In 1998, Allianz acquired a majority interest in French insurer Assurances Générales de France S.A. ("AGF") with its registered office in Paris.

Allianz Asset Management in Munich was also established in 1998.

Commencing in 1999, Allianz has intensified its activities in Asia, amongst others by establishing a joint venture in China.

Since 2000, Allianz is active in the private equity business through Allianz Capital Partners and Allianz Private Equity Partners. Also in the year 2000, the U.S. asset management company PIMCO Advisors was acquired.

Since November 2000, the Allianz shares are listed on the New York Stock Exchange. The respective stock trade is conducted via so-called American Depositary Receipts (ADR).

In 2001, Dresdner Bank AG with its registered office in Frankfurt/Main was acquired; in the same year, Allianz further acquired U.S. asset management company Nicholas-Applegate.

In 2002, Allianz consolidated the credit insurance activities of the Group under the roof of EULER & HERMES S.A., Paris.

c) Business Activities and Participations in Other Companies

(aa) Overview of Allianz Group¹

Allianz Group is one of the leading providers of financial services worldwide with 178,462 employees (as of September 30, 2005). The total consolidated revenues for the financial year 2004 were EUR 96.875 billion, in the first nine months of the financial year 2005 they amount to EUR 75.733 billion. The Allianz Group is active in the areas of property/casualty insurance and life/health insurance in more than 70 countries, as well as in the banking and asset management business.

Thus, the business activities of Allianz Group are divided by products and kinds of services into three groups: insurance, banking and asset management. In view of the different kinds of products, risks and capital allocation the insurance activities are further divided into property/casualty and life/health business. Thus, the operational segments of Allianz Group are structured as property/casualty, life/health, banking and asset management.

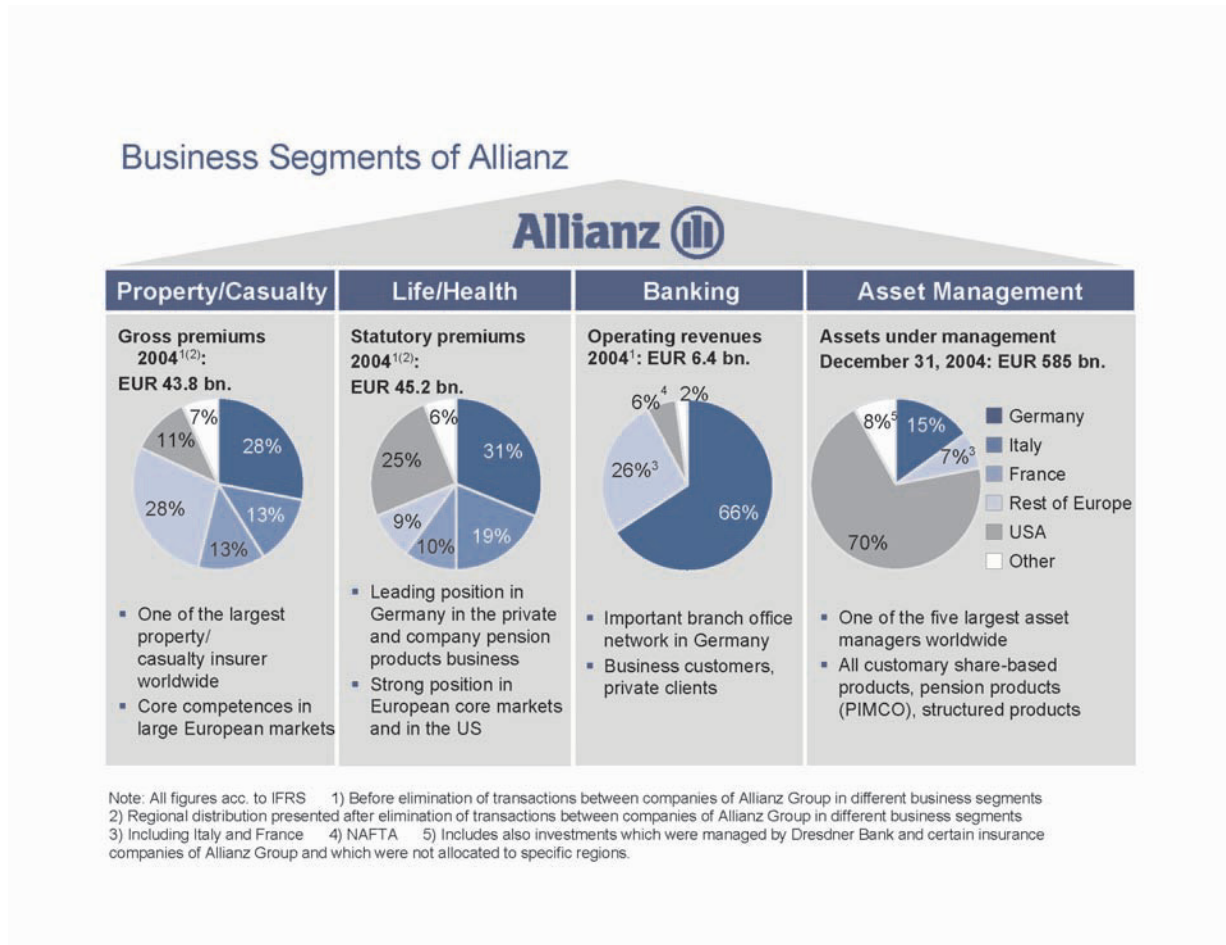
In addition to the revenues and expenditures of the ordinary property and casualty insurance business, the data for the property/casualty segment also includes such revenues and expenditures which are related to the financing, the investments and the management of Allianz Group as a whole. In future, these revenues and expenditures will be presented separately as holding activities, *i.e.* they will no longer be included in the property/casualty segment.

Because of the different legal, regulatory and other operational requirements for the operational units worldwide, the business segments are further organised in a geographical or regional matrix which is composed of several profit and service centre segments.

In the insurance business, among the largest non-German markets are Italy, France, Switzerland, the United Kingdom, Benelux, Spain and the United States. In addition, Allianz Group provides on a global basis certain specialty lines, including credit insurance, marine and aviation insurance, international industrial risks reinsurance as well as travel and assistance (*i.e.* certain services in connection with insurance cases).

¹ In the financial year 2005, some of the provisions of the International Financial Reporting Standards (IFRS) have been changed, new provisions were added. The data presented in the following paragraph takes into account these changes and may therefore deviate from data already published by Allianz Group in the past (*see* chapter II.1.d)).

The following chart provides an overview of the business structure of Allianz Group.



In Germany, until the end of 2005 the property/casualty as well as the life/health lines are essentially being operated through five different stock corporations, each with its own sales organisations.

This structure has grown historically and is complex. Thus, the German insurance activities are now being consolidated under the roof of a new holding company, Allianz Deutschland AG. This new holding is a wholly-owned subsidiary of Allianz. Allianz Versicherungs-AG, Allianz Lebensversicherungs-AG and Allianz Private Krankenversicherungs-AG are subsidiaries of Allianz Deutschland AG since November 2005. In the course of this reorganisation of the German insurance business, Frankfurter Versicherungs-AG and Bayerische Versicherungsbank AG will be merged into Allianz Versicherungs-AG. Prior to this, in November 2005 Allianz had increased its interest in Bayerische Versicherungsbank AG from 90 % to 100 %. In addition, the sales activities of the German property, life and health insurance companies are to be consolidated in a separate sales company as the fourth subsidiary company of Allianz Deutschland AG. Effective January 1, 2006, the previous regional structure of the non-life group in Germany as well as of the branch offices of Allianz Lebensversicherungs-AG and Allianz Private Krankenversicherungs-AG will be replaced by the establishment of four sales and service regions. These new sales and service regions include the regions 'north-west' (Schleswig-Holstein, Hamburg, Bremen, Lower Saxony, North Rhine-Westphalia), 'north east' (Mecklenburg-Western

Pommerania, Brandenburg, Berlin, Saxony-Anhalt, Saxony, Thuringia), 'south west' (Hesse, Rhineland-Palatine, Baden-Wuerttemberg, Saarland) and 'southeast' (Bavaria).

The banking segment consists primarily of the business of Dresdner Bank Group. In addition, interests are being held in foreign credit institutions. As per year-end 2004, Dresdner Bank Group had a total of approx. 970 branch offices (as of September 30, 2005: approx. 960 branch offices). It has business activities in approx. 50 countries worldwide. Its most important market is Germany, besides this, it is also active in the United Kingdom, the United States and in Asia.

In November 2005, Dresdner Bank has announced a reorganisation of its business model in which the business divisions Corporate Banking and Dresdner Kleinwort Wasserstein will be combined in the future in the new business unit Corporate & Investment Banking and the sales and products for private clients and business customers will in the future be combined in the business division Private & Business Clients.

These fundamental reorganisations of the insurance business and the banking business in Germany are independent from the fact that, simultaneously, RAS is to be merged into Allianz and that thereby Allianz is to be transformed from a stock corporation under German law into a European Company (SE).

The asset management business of Allianz operates on a worldwide basis: the principal European operational centres are located in Frankfurt/Main, London, Milan, Munich and Paris; in Asia, the business is managed from Hong Kong and Singapore and in the United States from San Francisco, San Diego and Newport Beach in California as well as from Westport, Connecticut.

The following table shows the total revenues for each business segment, for the financial year 2004 and for the first nine months of the year 2005.

(EUR mn)	Total revenues*	
	Jan. 1 – Sept. 30, 2005	Jan. 1 – Dec. 31, 2004
Property/ casualty insurance	34,439	43,780
Life/health insurance	34,942	45,177
Banking	4,611	6,446
Asset management	1,933	2,308
Consolidation adjustments	-192	-836
Allianz Group	75,733	96,875

*The total revenues comprise gross premiums from the property/casualty segment and the life/health segment (including unit-linked life insurance policies and other investment-oriented products), as well as the operating revenues from the banking and asset management business segments.

(bb) Property/Casualty Insurance

Measured by gross premiums written in 2004, Allianz Group is the largest German provider of property and casualty insurance products. The insurance products offered in Germany include mainly the automobile liability and other automobile insurance, fire and property insurance, personal accident insurance as well as liability and legal expenses insurance.

In other countries, Allianz Group is also among the important property/casualty insurance providers, for instance in France, the United Kingdom, Italy, Switzerland and Spain. In France as well as in the United Kingdom and in Italy, Allianz Group primarily offers to both its individual and corporate customers automobile, property, injury and liability insurance products; in addition, in the United Kingdom it also sells a number of specialty products for this market, including, for instance, pet and warranty insurance. In Switzerland, too, the traditional property/casualty product portfolio is being supplemented by a number of specialty lines, including travel and assistance, conventional reinsurance as well as a variety of alternative risk transfer products for corporate customers worldwide. In Spain, Allianz Group offers a wide variety of personal and commercial insurance products; here, too, automobile insurance is one of the most important revenue contributors.

In Italy, Allianz Group conducts its property/casualty insurance operations via RAS Group and Lloyd Adriatico. Italy, after Germany and like France, is one of the most important European non-life insurance markets of Allianz Group. With the combined gross premiums written generated from property/casualty insurance in the year 2004 by the Italian subsidiaries, Allianz Group is the third largest property/casualty provider in Italy.

Property/Casualty Insurance – Geographic Breakdown

The following table sets forth the gross premiums written and the combined ratio (*i.e.* the ratio of the aggregate of the net expenses for losses and the expenses for acquisition and administration costs (net) to the net earned premiums) from the property/casualty insurance business by geographic region for the first nine months of the financial years 2005 and 2004. In addition, the table sets forth – for the same periods in time – the earnings after taxes before minority interests in earnings and excluding amortisation of goodwill (referred to in the table below as "earnings after taxes before minority interests"). Consistent with the general practice at Allianz, gross premiums written, combined ratio and earnings after taxes before minority interests by geographic region are presented before consolidation adjustments, *i.e.* before elimination of intra-group transactions between group companies and in different geographic regions and different segments.

Translation for Convenience

	January 1, - September 30, 2005		January 1, - September 30, 2004			
	Gross premiums written (EUR mn.)	Combined Ratio %	Earnings after taxes and before minority interests in earnings ¹⁾ (EUR mn.)	Gross premiums written (EUR mn.)	Combined Ratio %	Earnings after taxes and before minority interests in earnings ¹⁾ (EUR mn.)
Germany (in particular Allianz Versicherungs-AG, Frankfurter Versicherungs-AG, Bayerische Versicherungsbank AG, Vereinte Spezial Versicherung AG and Allianz AG)	10,297	89.4	1,559	10,582	88.2	1,979
France (in particular AGF Group)	4,063	99.0	766	4,197	99.4	710
Italy (in particular RAS Group and Lloyd Adriatico)	3,679	91.9	902	3,605	91.3	540
Switzerland (in particular Allianz Suisse Versicherungsgesellschaft)	1,646	98.3	99	1,578	94.8	124
Great Britain (in particular Allianz Cornhill Insurance plc)	1,859	92.3	195	2,033	94.4	161
Spain (in particular Allianz Compania de Seguros and Fénix Directo)	1,459	90.9	127	1,372	91.4	141
Rest of Europe	4,039	94.4	750	4,102	96.6	419
NAFTA (in particular Allianz of America Inc./ Fireman's Fund Insurance Company)	4,057	95.5	542	4,317	93.9	305
Asia-Pacific (in particular Allianz Australia Group)	1,317	90.0	145	1,292	95.2	122
South America (in particular AGF Seguros)	493	94.6	45	440	97.6	38
Other	50	- ²⁾	4	52	- ²⁾	5
Speciality Lines						
Credit insurance (Euler Hermes)	1,281	70.3	195	1,236	73.1	139
Allianz Global Risks Rückversicherungs-AG	1,047	109.7	51	1,150	98.4	96
Allianz Marine & Aviation	898	119.5	-29	779	91.5	37
Travel insurances and Assistance services (Mondial Assistance Group)	764	90.4	41	717	91.4	17
Subtotal	36,949	-	5,392	37,452	-	4,833
Consolidation ³⁾	-2,510	-	-1,919	-2,806	-	-1,441
Subtotal	34,439	-	3,473	34,646	-	3,392
Amortisation of goodwill ¹⁾	-	-	-	-	-	-287
Minority interests in earnings	-	-	-724	-	-	-725
Total	34,439	93.0	2,749	34,646	93.2	2,380

¹⁾ Effective January 1, 2005, and without retroactive effect, Allianz Group ceased goodwill amortisation pursuant to IFRS 3.

²⁾ Presentation not meaningful.

³⁾ Herein, the transactions conducted in the ordinary course of business between group companies in different geographic regions were eliminated. However, in the table above are included, already after balancing, a number of transactions between group companies which are not to be attributed to operational business, amongst others for the period from January 1 to September 30, 2005, a reinsurance agreement between Fireman's Fund in the U.S. and Allianz in Germany regarding coverage of asbestos and environmental damage.

(cc) Life/Health Insurance

In Germany, measured by total statutory premiums written in 2004, Allianz Group is the largest provider of life insurance and the third largest provider of health insurance. In this segment, Germany is Allianz Group's most important market.

In addition, Allianz Group is an important provider of life insurance in a number of foreign markets, for instance in the United States, in Italy and in France.

The Allianz Group's German insurance companies offer a comprehensive and standardised range of life insurance and life insurance-related products on both an individual and group basis. The main classes of coverage offered include endowment life insurance, annuity policies, term life insurance, unit-linked annuities and other life insurance-related forms of coverage, which are provided as riders to other policies and on a stand-alone basis. Allianz Private Krankenversicherung in Germany provides a wide range of health insurance products, including full private healthcare coverage for the self-employed, salaried employees and civil servants, supplementary insurance for people insured under statutory health insurance plans, daily sickness allowance for the self-employed and salaried employees, hospital daily allowance insurance as well as supplementary care insurance and foreign travel medical expenses insurance.

In the United States, Allianz Group sells mostly fixed and variable annuity contracts, including equity-indexed annuities to individuals; besides, Allianz offers long-term care insurance to individual and corporate customers in the United States.

In Italy, Allianz Group conducts its life/health insurance operations via RAS Group and Lloyd Adriatico. Based on the combined total statutory premiums written in 2004, Allianz is the second-largest life insurer in the Italian market. By the same measure, Italy is the Allianz Group's third-largest market for life/health insurance behind Germany and the United States.

AGF Group is the life insurer of Allianz Group in France. It is the eighth-largest life insurance provider in the French market based on total statutory premiums written in 2004.

Life/Health Insurance – Geographic Breakdown

The following table sets forth the statutory premiums and the gross premiums written, respectively, from the life/health insurance business by geographic region for the first nine months of the financial years 2005 and 2004. In addition, the table sets forth – for the same periods in time – the earnings after taxes before minority interests in earnings and excluding amortisation of goodwill (referred to in the table below as "earnings after taxes before minority interests"). Consistent with the general practice at Allianz, the statutory premiums, the gross premiums written as well as earnings after taxes before minority interests by geographic region are presented before consolidation adjustments, *i.e.* before elimination of intra-group transactions between group companies and in different geographic regions and different segments.

	January 1 – September 30, 2005			January 1 – September 30, 2004		
	Statutory premiums ¹⁾	Gross premiums written	Earnings after taxes before minority interests in earnings ²⁾	Statutory premiums ¹⁾	Gross premiums written	Earnings after taxes before minority interests in earnings ²⁾
	(EUR mn.)	(EUR mn.)	(EUR mn.)	(EUR mn.)	(EUR mn.)	(EUR mn.)
Germany (in particular Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG, Allianz Pensionskasse AG and Allianz Private Krankenversicherungs-AG)	10,542	9,566	306	9,553	9,099	206
France ³⁾ (in particular AGF Group)	3,821	1,116	389	3,321	1,131	216
Italy (in particular RAS Group and Lloyd Adriatico)	6,909	713	312	5,832	737	220
Switzerland (Allianz Suisse Lebensversicherungs-Gesellschaft and Phénix Vie)	862	373	31	865	384	13
Spain (in particular Allianz Seguros and Eurovida)	379	327	34	511	469	33
Rest of Europe	1,465	963	118	1,555	1,062	151
USA (in particular Allianz Life Insurance Company of North America)	8,614	550	252	8,286	730	134
Asia- Pacific (in particular Allianz Life Insurance Korea Co. Ltd. and Hana Allianz)	2,210	976	56	1,944	913	10
Other	156	75	4	95	70	8
Subtotal	34,958	14,659	1,502	31,962	14,595	991
Consolidation ⁴⁾	-16	-16	-	-16	-16	-3
Subtotal	34,942	14,643	1,502	31,946	14,579	988
Amortisation of goodwill ²⁾	-	-	-	-	-	-119
Minority interests in earnings	-	-	-394	-	-	-283
Total	34,942	14,643	1,108	31,946	14,579	586

¹⁾ Under the Allianz Group's accounting policies for life insurance contracts, for which U.S. GAAP accounting standards were adopted, gross premiums written include only the cost- and risk-related components of premiums generated from unit-linked and other investment-oriented products, but do not include the full amount of statutory premiums written on these products. Statutory premiums are gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

²⁾ Effective January 1, 2005, and without retroactive effect, Allianz Group ceased goodwill amortisation pursuant to IFRS 3.

³⁾ Effective January 1, 2005, the companies Vie et Prévoyance and Martin Maurel Vie were consolidated within the life/health segment in France.

⁴⁾ Represents elimination of transactions between Allianz Group companies in different geographic regions.

(dd) Banking

The banking operations of Allianz Group are primarily conducted by Dresdner Bank Group. Dresdner Bank has a considerable domestic branch network as well as an international branch network. In addition, banking services are being offered through the branch network of further domestic and foreign subsidiaries. The principal products and services of Dresdner Bank Group include traditional commercial banking services such as deposit taking, lending, cash management and corporate finance advisory services. In addition, Dresdner Bank offers mergers and acquisitions advisory services, capital and money market services as well as securities underwriting. It also conducts securities trading and derivatives business on its own account and for its customers. Measured by balance sheet total and number of customers, Dresdner Bank Group is among the leading German bank groups.

As of September 30, 2005, the Institutional Restructuring Unit (IRU) has essentially completed the reduction of the non-strategic participations and loan portfolios of Dresdner Bank and has finished its task sooner than had originally been planned. The risk assets of IRU existing at that time amounted to EUR 1.4 billion. Of this amount, EUR 1.1 billion were settled mostly in the fourth quarter 2005; the rest was transferred to other business divisions of Dresdner Bank.

In November 2005, Dresdner Bank has announced a reorganisation of its business model. In order to better tap market potential in its corporate client and capital markets business the business divisions Corporate Banking and Dresdner Kleinwort Wasserstein will be combined in the new business unit Corporate & Investment Banking. A second focus are private clients and business customers. Sales and products for private clients and business customers will in future be combined in the business division Private & Business Clients.

The reorganisation is also aimed at further expanding the cooperation between Dresdner Bank and Allianz.

Also in November 2005, the agreements for the transfer of the participation of Allianz Group in Eurohypo AG of 28.48 % to Commerzbank AG were signed. The sale is conducted in two steps. In the first step, on December 15, 2005, Commerzbank AG has acquired a participation of 7.35 % from the 28.48 % participation of Allianz Group in Eurohypo AG. The acquisition of the residual 21.13 % stake will be consummated after fulfilment of conditions precedent customary for such share purchase agreement, in particular after obtaining antitrust approvals and the approval of the German Federal Agency for the Supervision of Financial Services (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*).

(ee) Asset Management

The asset management segment operates as a global provider of institutional and retail asset management products and services to third-party investors. In addition, this segment offers asset management services to Allianz Group's insurance companies. The assets under management consist of third-party assets as well as the Group's own investments; besides, there is one other, much smaller part, the so-called separate account assets. Third-party assets under management as of September 30, 2005, amounted to EUR 711 billion (approx. 58 % of the total assets under management of Allianz Group as of September 30, 2005). The asset management business is primarily operated by Allianz Global Investors Group ("**AGI**"). This asset manager has achieved a significant market position in the United States and in Germany. Key centres of this business segment are Frankfurt/Main, Hongkong, London, Milan, Munich, Newport Beach (California), Paris, San Diego, San Francisco, Singapore and Westport (Connecticut). As measured by total assets under management at December 31, 2004, the Allianz Group is one of the five largest asset managers in the world.
















(ff) Primary Subsidiaries of Allianz

Allianz holds interests (directly or indirectly) in the primary subsidiaries listed in the following overview (in percent, as of December 31, 2004). The following is a highly simplified overview. Firstly, it does not contain all subsidiaries of Allianz Group; secondly, it does not show whether an interest is being held directly or indirectly. The calculation of the amount of the participations includes fully such participations which are being held by group companies, even if the participation held in these group companies is less than 100.0 %. All affiliated enterprises, joint ventures and associated enterprises are individually specified in the list of participations filed with the commercial register (*Handelsregister*) in Munich.

































Segments:

	Property/casualty
	Property/casualty and life/health
	Life/health
	Banking
	Asset management

Germany




	Allianz Capital Partners GmbH	100.0%
	Allianz Dresdner Bauspar AG	100.0%
	Allianz Global Investors AG	100.0%
	Allianz Global Risks Rückversicherungs-AG	100.0%
	Allianz Lebensversicherungs-AG	91.0%
	Allianz Marine & Aviation Versicherungs-AG	100.0%
	Allianz Private Krankenversicherungs-AG	100.0%
	Allianz Versicherungs-AG	100.0%
	Bayerische Versicherungsbank AG	90.0%
	DEGI Deutsche Gesellschaft für Immobilienfonds mbH	94.0%
	DEUTSCHER INVESTMENT-TRUST Gesellschaft für Wertpapieranlagen GmbH	100.0%
	Dresdner Bank AG	100.0%
	dresdnerbank investment management Kapitalanlagen mbH	100.0%
	Euler Hermes Kreditversicherungs-AG	100.0%
	Frankfurter Versicherungs-AG	100.0%

Europe (without Germany / without "Emerging Markets")


<u>Austria</u>		
	Allianz Elementar Lebensversicherungs-Aktiengesellschaft	100.0%
	Allianz Elementar Versicherungs-Aktiengesellschaft	99.9%
<u>Belgium</u>		
	AGF Belgium Insurance S.A.	100.0%
<u>France</u>		
	AGF Asset Management S.A.	99.9%
	Assurances Générales de France IART S.A.	99.9%
	Assurances Générales de France Vie S.A.	99.9%
	Assurances Générales de France S.A.	62.0%
	Banque AGF S.A.	99.9%
	Euler Hermes SFAC S.A.	100.0%
	Mondial Assistance S.A.	100.0%
<u>Great Britain</u>		
	Allianz Cornhill Insurance plc.	98.0%
	RCM (UK) Ltd.	100.0%
	Dresdner Kleinwort Wasserstein Ltd.	100.0%
<u>Greece</u>		
	Allianz General Insurance Company S.A.	100.0%
	Allianz Life Insurance Company S.A.	100.0%
<u>Ireland</u>		
	Allianz Irish Life Holdings p.l.c.	66.4%
	Allianz Worldwide Care Ltd.	100.0%
<u>Italy</u>		
	Allianz Subalpina Società di Assicurazioni e Riassicurazioni S.p.A.	97.9%
	Lloyd Adriatico S.p.A.	99.7%
	Riunione Adriatica di Sicurtà S.p.A.	55.5%
<u>Luxembourg</u>		
	Allianz Global Investors Luxembourg S.A.	100.0%
	Dresdner Bank Luxembourg S.A.	100.0%
<u>The Netherlands</u>		
	Allianz Nederland Levensverzekering N.V.	100.0%
	Allianz Nederland Schadeverzekering N.V.	100.0%
<u>Portugal</u>		
	Companhia de Seguros Allianz Portugal S.A.	64.9%
<u>Spain</u>		
	Allianz Compañía de Seguros y Reaseguros S.A.	99.9%
<u>Switzerland</u>		
	Allianz Risk Transfer N.V.	100.0%
	Allianz Suisse Lebensversicherungs-Gesellschaft	99.9%
	Allianz Suisse Versicherungs-Gesellschaft	100.0%
	ELVIA Reiseversicherungs-Gesellschaft AG	100.0%
<u>Turkey</u>		
	Koç Allianz Sigorta A.S.	37.1%
	Koç Allianz Hayat ve Emeklilik A.S.	38.0%

"Emerging Markets" (Europe)


Bulgaria

	Allianz Bulgaria Insurance & Reinsurance Company Ltd.	77.9%
	Allianz Bulgaria Life Insurance Company Ltd.	99.0%
	Commercial Bank Allianz Bulgaria Ltd.	99.4%


Kroatia

	Allianz Zagreb d.d.	80.1%
---	---------------------	-------



Czech Republic

	Allianz pojišť'ovna a.s.	100.0%
---	--------------------------	--------


Hungaria

	Allianz Hungária Biztosító Rt.	100.0%
---	--------------------------------	--------



Poland

	T.U. Allianz Polska S.A.	100.0%
	T.U. Allianz Polska Zycie S.A.	100.0%


Romania

	Allianz Tiriac Insurance S.A.	51.6%
---	-------------------------------	-------

Russia


	Insurance Joint Stock Company "Allianz"	100.0%
	Russian People's Insurance Society "Rosno"	45.7%

Slovakia


	Allianz – Slovenská poisť'vna a.s.	84.6%
---	------------------------------------	-------

America


Brazil

	AGF Brasil Seguros S.A.	69.4%
---	-------------------------	-------



Colombia

	Colseguros Generales S.A.	99.9%
---	---------------------------	-------


Mexico

	Allianz México S.A. Compañía de Seguros	100.0%
---	---	--------

USA


	Allianz Global Investors of America L.P.	93.6%
	Allianz Global Risks US Insurance Company	100.0%
	Allianz Life Insurance Company of North America	100.0%
	Fireman's Fund Insurance Company	100.0%
	NFJ Investment Group L.P.	100.0%
	Nicholas Applegate Capital Management LLC	100.0%
	PA Distributors LLC	100.0%
	Pacific Investment Management Company LLC (PIMCO)	91.0%
	RCM Capital Management LLC	100.0%

Venezuela

	Adriática de Seguros C. A.	97.0%
---	----------------------------	-------

Australia/Asia

Australia

	Allianz Australia Insurance Ltd.	100.0%
---	----------------------------------	--------

<u>China</u>		
	Allianz Insurance (Hong Kong) Limited	100.0%
<u>Indonesia</u>		
	PT Asuransi Allianz Utama Indonesia Ltd.	75.4%
	PT Asuransi Allianz Life Indonesia p.l.c.	99.7%
<u>Japan</u>		
	Allianz Fire and Marine Insurance Japan Ltd.	100.0%
<u>South Korea</u>		
	Allianz Life Insurance Co. Ltd.	100.0%
<u>Malaysia</u>		
	Allianz General Insurance Malaysia Berhad p.l.c.	98.7%
	Allianz Life Insurance Malaysia Berhad p.l.c.	100.0%
<u>Pakistan</u>		
	Allianz EFU Health Insurance Ltd.	76.0%
<u>Singapore</u>		
	Allianz Insurance Company of Singapore Pte. Ltd.	100.0%
<u>Taiwan</u>		
	Allianz President Life Insurance Co. Ltd.	50.0%
<u>Egypt</u>		
	Allianz Egypt Insurance Company S.A.E.	85.0%
	Allianz Egypt Life Company S.A.E.	96.0%

(gg) Development in Financial Year 2004 and in the First Nine Months of Financial Year 2005, Key Indicators of Allianz Group

In order to better understand the financial data of Allianz Group presented in this report, amendments and additions in respect of the accounting and valuation principles are to be noted, which are described first in the following.

(1) Amendments of the Accounting and Valuation Principles in the Financial Year 2005

The consolidated financial statements of Allianz are being prepared in accordance with IFRS. Some of the IFRS provisions have been revised and supplemented over the last years, new provisions have been included. Since 2002, the term IFRS means the overall concept of the standards promulgated by the International Accounting Standards Board ("**IASB**"). Standards already promulgated will continue to be cited as International Accounting Standards ("**IAS**").

In the financial year 2005 Allianz has adopted the revised and new reporting standards pursuant to IFRS. Some of these revised and new provisions also have to be applied with retrospective effect. Therefore, data pertaining to periods before January 1, 2005, also have to be adapted to the revised and new accounting standards, in order to include the effects of the changes. Unless indicated otherwise, the consolidated key indicators of Allianz Group for the financial years 2002, 2003 and

2004 presented on the following pages are data which take into consideration the IFRS rules adopted with retrospective effect. Therefore, they may deviate from the data which has already been published for the aforementioned financial years by Allianz Group in the past.

First of all, the effects of the revised and new IFRS rules are being explained.

(a) IAS 1 Revised

As a result of the adoption of IAS 1 revised, as of December 31, 2003 and 2004, Allianz Group has reclassified minority interests in shareholders' equity into shareholders' equity. This position will also be shown in the future in the development of shareholders' equity.

(b) IAS 32 Revised

As of January 1, 2005, Allianz Group has adopted the accounting provisions of the revised standard IAS 32, Financial Instruments: Disclosure and Presentation ("**IAS 32 revised**").

In accordance with IAS 32 revised, a financial instrument qualifies as a financial liability of the issuer if it gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a "**puttable instrument**"). The classification as a financial liability is independent of considerations such as when the right is exercisable, the way in which the repayment amount upon exercise of the right is determined or whether the puttable instrument has a fixed maturity. As a result of the application of IAS 32 revised, Allianz Group is required to reclassify the minority interests in shareholders' equity of certain consolidated investment funds into liabilities. These liabilities are required to be recorded at redemption amount with changes of the balance sheet value to be recorded in the following accounting periods with effect for net income.

(c) IAS 39 Revised

As of January 1, 2005, Allianz Group has adopted the accounting provisions of the revised standard IAS 39, Financial Instruments: Recognition and Valuation ("**IAS 39 revised**"). Since IAS 39 revised requires retrospective application, Allianz Group has restated already published consolidated financial statements in order to include the effects of this change.

IAS 39 revised prohibits reversals of impairment losses (*Wertaufholung*) on equity securities. According to the accounting and valuation policies previously applied by Allianz Group, if the amount of an impairment previously recorded on an equity security decreased, the impairment was reversed in the following accounting periods.

IAS 39 revised created a new category, "designated at fair value through income", for financial assets and financial liabilities. Financial assets and financial liabilities which are allocated to this category are recognised at fair value as of the reporting date with changes recognised in net income. Allianz Group already implemented this new accounting rule for financial assets as of January 1, 2005. As a consequence of the reclassification of the minority interests in the equity of consolidated investment

funds into liabilities and their recording at the redemption amount, Allianz Group has reclassified the respective financial assets from the category "securities available-for-sale" to the category "financial assets designated at fair value through income". The implementation of this regulation effective January 1, 2005, with regard to financial liabilities was not allowed at first, because the EU had not endorsed it as being in compliance with EU law based on the revised IAS 39. In June 2005, the IASB amended the provision, taking into account the concerns raised by the EU. It had been expected that the EU would approve the new provisions in 2005. In view of the forthcoming EU approval, Allianz Group has applied the recognition of financial liabilities at fair value ("fair value option") retrospectively in the third quarter 2005. As was expected by Allianz Group, the EU has approved the new provisions also with regard to financial liabilities in the fourth quarter 2005.

IAS 39 revised further required a change to Allianz Group's impairment criteria for available-for-sale equity securities. An equity security is considered to be impaired if there is objective evidence that the carried-on acquisition costs of the equity security may not be recovered. IAS 39 revised requires that a significant or prolonged decline in the fair value of an equity security below the carried-on acquisition costs is considered to be objective evidence of impairment. Allianz Group established, beside the existing qualitative impairment criteria, new quantitative impairment criteria for equity securities to define significant or prolonged decline of the fair value. With regard to the significance criterion, Allianz Group has established a policy that an equity security is considered impaired if the fair value is below the average carried-on acquisition costs by at least 20 %. With regard to the criterion of prolonged decline of the fair value, Allianz Group has established a policy that an equity security is considered impaired if the fair value is below the average carried-on acquisition costs for a period of more than nine months. Each of these two criteria are to be tested independently at company level.

IAS 39 revised does not allow an adjusted acquisition cost basis to be established upon impairment of an equity security. Rather, each reporting period, if the fair value is less than the original acquisition cost basis of the equity security, the security is analysed for impairment based upon Allianz Group's impairment criteria. At each reporting date, for equity securities that are determined to be impaired based upon Allianz Group's impairment criteria, an impairment is recognised for the difference between the fair value and the original acquisition cost basis, less any previously recognised impairments. According to the previous accounting and valuation policies of Allianz Group, upon the recognition of an impairment of an equity security, an adjusted acquisition cost basis was established in the following accounting periods. Equity shares for which the fair value had fallen below the adjusted acquisition cost basis were written off if, on application of the impairment criteria of Allianz Group, a further permanent decrease of the fair value was determined in the accounting period.

IAS 39 revised required a retrospective application of the changes regarding the impairment criteria and the adjustment of the acquisition cost basis for impaired equity securities; therefore, the previously issued consolidated financial statements had to be restated to include the effects of these changes. As per September 30, 2005, Allianz Group has retrospectively introduced these provisions of IAS 39. An introduction effective January 1, 2005, was not possible at first, because before the introduction of the new standard, Allianz Group had to consult with the U.S. Securities and Exchange Commission ("SEC").

In addition, as a result of the adoption of IAS 39 revised, certain securities available-for-sale were reclassified to loans and advances to banks and loans and advances to customers.

Further, Allianz Group reclassified assets related to its unit-linked insurance and investment contracts into financial assets designated at fair value through income and the related liabilities to financial liabilities designated at fair value through income, as allowed under the EU insurance directive.

(d) IFRS 2, Share Based Compensation Payments

Effective January 1, 2005, Allianz Group adopted IFRS 2, Share Based Compensation Payments ("**IFRS 2**"). In accordance with this standard, share based compensation plans are required to be classified as equity settled or cash settled plans. Equity settled plans are measured at fair value on the grant date and changes of such fair value are recognised in the income statement and in the shareholders' equity, spread over the vesting period. Cash settled plans are measured at fair value at each reporting date and recognised as liabilities. Changes in the fair value of cash settled plans are recognised in the income statement. A plan is considered to be a cash settled plan if the shares issued are redeemable, either mandatorily or at the beneficiary's option. In this respect, IFRS 2 has incorporated the "puttable instrument" concept of IAS 32 revised, which requires that such instruments be classified as liabilities rather than equity instruments. As a result of the adoption of IFRS 2, the PIMCO LLC Class B Unit Purchase Plan is considered a cash settled plan, because the equity instruments issued are puttable at the counter-party's option. According to Allianz Group's previous accounting policy, the Class B Plan was considered an equity settled plan.

Further, IFRS 2 requires that in determining the amount of expense to be recognised of equity settled plans, a best estimate of the number of equity instruments that are expected to vest is used. Allianz Group's previous accounting policy required that forfeitures of equity instruments be recognised only when incurred.

(e) IFRS 3, Business Combinations

Effective January 1, 2005, Allianz Group adopted IFRS 3, Business Combinations ("**IFRS 3**"). In accordance with IFRS 3, a company must cease the regular amortisation of goodwill and intangible assets with an indefinite life and rather test for impairment on an annual basis. In addition, these tests are to be conducted whenever there is an indication that the carrying value is not recoverable. As a result of the adoption of IFRS 3 as of January 1, 2005, Allianz Group will cease regular amortisation of goodwill and brand names.

In the third quarter 2005, Allianz Group revised its accounting and valuation policies for the accounting of business combinations for acquisitions of companies already under control of Allianz Group. IFRS 3 does not contain any regulations on the accounting of interests of other shareholders. In order to cover this accounting gap, Allianz Group introduced the "pure equity transaction" approach. According to the "pure equity transaction" approach, the acquisition of interests of other shareholders does not result in a further revaluation of assets and liabilities. Instead, the excess amount of the purchase price over the carrying amount of the minority stakes will

directly reduce the equity. Allianz Group has to apply this rule retrospectively as of January 1, 2005, because since then minority stakes have to be presented in the equity according to the revised IAS 1.

(f) IFRS 4, Insurance Contracts

Effective January 1, 2005, Allianz Group adopted IFRS 4, Insurance Contracts ("IFRS 4"). IFRS 4 represents the completion of phase 1 of the insurance contract project of the IASB and is a transitional standard until the IASB has more fully addressed the recognition and valuation of insurance contracts. IFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. IFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and valuation of insurance contracts. The accounting policies should only be changed if thereby the transparency of reporting would be increased. As a result, Allianz Group continues to apply the provisions of the accounting policies in force in the United States (U.S. Generally Accepted Accounting Principles – "US GAAP") for the recognition and valuation of insurance contracts. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with IAS 39 revised. As a result of the adoption of IFRS 4, certain contracts were reclassified as investment contracts in accordance with IFRS 4.

IFRS 4 contains specific provisions for contracts with discretionary participation features. These provisions include contracts with profit participation where the amount and timing of payments are at the discretion of the company. Based on this definition, in the third quarter 2005 Allianz Group recognised retrospectively a deferred premium refund for specific contracts for the Swiss business.

(2) Consequences of the Amendments of the Accounting and Valuation Principles in the Financial Year 2005 for Previous Financial Years

For information purposes, the consequences of the aforementioned amendments of the accounting and valuation principles in the financial year 2005 for key indicators of Allianz Group for the financial years 2002, 2003 and 2004 are being described below. The figures for these financial years which are based on the new and revised IFRS rules are referred to in the following tables as "IFRS 2005".

(a) **Effects on the Consolidated Earnings of Allianz Group in the Financial Years 2002 to 2004**

(EUR mn.)	2004	Allianz Group 2003	2002
Total revenues (originally published)¹⁾	96,892	93,779	92,747
IAS 39 revised	-17	-39	-59
Sum of effects from "IFRS 2005"	-17	-39	-59
Total revenues according to "IFRS 2005"	96,875	93,740	92,688
Operating profits (originally published)	6,856	4,066	—²⁾
IAS 39 revised	-17	-84	— ²⁾
Sum of effects from "IFRS 2005"	-17	-84	— ²⁾
Operating profits according to "IFRS 2005"	6,839	3,982	—²⁾
Net income (originally published)	2,199	1,890	-1,496
IAS 39 revised	209	915	-1,709
IFRS 4	-19	6	—
IFRS 2	-123	-120	-38
Sum of effects from "IFRS 2005"	67	801	-1,747
Net income according to "IFRS 2005"	2,266	2,691	-3,243

¹⁾ Total revenues comprise property/casualty segment's gross premiums written, life/health segment's gross premiums written (including unit-linked life insurance policies and other investment-oriented products), as well as banking segment's and asset management segment's operating revenues.

²⁾ Not published originally.

The table above shows that the retrospective adoption of the amendments of the accounting and valuation principles had only minor consequences for total revenues and operating profits. In contrast, the effects on the net income were significant. This is due, in particular, to IAS 39 revised and, to a lesser extent, IFRS 2.

IAS 39 revised

As a consequence of IAS 39 revised, there were various amendments. One of the most relevant amendments pertains to the treatment for accounting purposes of impairments for securities available-for-sale.

The changed impairment policy of Allianz Group has, in particular, the following effects:

- Income statement: As a consequence of the accelerated inclusion of impairments, amortisations on equity securities in the financial year 2002 increased significantly; in contrast, they were lower in the financial years 2003 and 2004, accordingly.

- Balance sheet: Unrealised gains from securities available-for-sale accounted for in shareholders equity (net, *i.e.* after deduction of the losses not realised) increased in financial years 2003 and 2004; by contrast, profit reserves are now reduced in both years by the same amount.

The effects of the amendments resulting from IAS 39 revised were strongest for the business segments property/casualty, life/health and banking.

IFRS 2

The adoption of IFRS 2 led to additional acquisition-related expenses and administration expenses within the asset management business segment; for the financial year 2002 the net burden amounts to EUR 38 million, for the financial year 2003 to EUR 120 million and for the financial year 2004 to EUR 123 million. The expenses are related to the share purchase plan for so-called Class-B-Units of the U.S. fund manager PIMCO; this share purchase plan had been agreed on in the course of the acquisition of the business unit in the US specialising in pension investments.

(b) Effects on the Assets, Liabilities and Shareholders' Equity of Allianz Group in the Financial Years 2003 and 2004

(EUR mn.)	Allianz Group	
	2004	2003
Balance sheet total	994,698	935,912
(originally published)		
IAS 39 revised	-3,984	-2,386
IFRS 2	-396	-313
IFRS 4	—	—
Sum of effects from "IFRS 2005"	-4,380	-2,699
Balance sheet total according to "IFRS 2005"	990,318	933,213
Total liabilities	963,870	907,320
(originally published)		
IAS 39 revised	-3,408	-1,927
IFRS 2	-147	-164
IFRS 4	8	-9
IAS 1 revised	-7,696	-7,266
Sum of effects from "IFRS 2005"	-11,243	-9,366
Total liabilities according to "IFRS 2005"	952,627	897,954
Shareholders' equity	30,828	28,592
(originally published)		
IAS 39 revised	-576	-459
IFRS 2	-249	-149
IFRS 4	-8	9
IAS 1 revised	7,696	7,266
Sum of effects from "IFRS 2005"	6,863	6,667
Shareholders' equity according to "IFRS 2005"	37,691	35,259

IAS 39 revised resulted in a small decrease of the balance sheet total in the financial years 2003 and 2004, in particular because of the reclassification of certain securities available-for-sale to loans and advances to banks and to loans and advances to customers.

The reason for the reduction in total liabilities is, in particular, that as a consequence of IAS 1 revised minority interests in equity have to be reclassified as shareholders' equity; this was also the decisive reason for the increase in shareholders' equity in both financial years.

Attachment 1 to this merger report shows the balance sheet and income indicators for the financial years 2004 and 2003 and as of September 30, 2005 of Allianz Group and RAS Group taking into account the new and amended accounting standards described above.

(3) Business Development and Key Indicators of Allianz Group in the Financial Years 2004, 2003, 2002 and in the First Nine Months of the Financial Year 2005

The following table sets forth selected consolidated key indicators of Allianz Group for the first nine months of the financial year 2005 as well as for the financial years 2004, 2003 and 2002. In the first instance, the data for the financial years 2004, 2003 and 2002 are presented as published in the annual report 2004, *i.e.* based on the IFRS rules in force until December 31, 2004. In a second column, the indicators are presented based on the revised and new IFRS rules, which Allianz has adopted in the financial year 2005 for its consolidated financial statements with retrospective effect for the financial years commencing prior to January 1, 2005; this is aimed at ensuring comparability with the nine-months data for 2005.

Key Indicators Allianz Group	Jan. 1 – Sept. 30, 2005	Jan. 1 - Dec. 31, 2004		Jan. 1 - Dec. 31, 2003		Jan. 1 - Dec. 31, 2002	
		Based on IFRS- Rules retro- spectively adopted in the financial year 2005	Originally published (based on IFRS- Rules in force until December 31, 2004)	Based on IFRS- Rules retro- spectively adopted in the financial year 2005	Originally published (based on IFRS- Rules in force until December 31, 2004)	Based on IFRS- Rules retro- spectively adopted in the financial year 2005	Originally published (based on IFRS- Rules in force until December 31, 2004)
Total revenues* (EUR mn.)	75,733	96,875	96,892	93,740	93,779	92,688	92,747
Operating profit (EUR mn.)	5,917	6,839	6,856	3,982	4,066	-	-
Period net income (EUR mn.)	3,508	2,266	2,199	2,691	1,890	-3,243	-1,496
Earnings per share (EUR)	9.11	6.19	6.01	7.96	5.59	-11.71	-5.40
Balance sheet total at end of period (EUR mn.)	989,198	990,318	994,698	933,213	935,912	848,752	852,133
Shareholders' equity at end of period (EUR mn.)	48,588	37,691	30,828	35,259	28,592	29,010	21,674

* Total revenues comprise property/casualty segment's gross premiums written, life/health segment's gross premiums written (including unit-linked life insurance policies and other investment-oriented products), as well as banking segment's and asset management segment's operating revenues.

(a) Comparison of Financial Years 2004 and 2003

In the financial year 2004, total revenues increased by EUR 3.1 billion, in particular in the life/health insurance segment. In the property/casualty segment, Allianz Group concentrated on further increasing profitability; premium growth and market shares were foregone where the correlation between premium rates and risks did not meet the objectives of Allianz Group. Operating revenues of the banking segment widely stabilised in 2004. In contrast, operating revenues of the asset management segment increased considerably. Overall, the total operating profit increased significantly by 71.7 % to EUR 6.8 billion. The net income decreased to EUR 2.3 billion, resulting solely from the sharp increase of the figure from the previous year due to the revised IAS 39. The shareholders' equity was increased to EUR 37.7 billion.

(b) Comparison of First Nine Months of 2005 and 2004

In the first nine months of 2005, total revenues amounted to EUR 75.7 billion (first nine months 2004: EUR 72.6 billion). The operating profit in the first nine months of 2005 was EUR 5.9 billion (first nine months 2004: EUR 5.1 billion). The increase in the operating profit was primarily achieved in the life insurance business, the banking business and the asset management segment. The property/casualty segment had to absorb net losses (*i.e.* after deduction of reinsurance) of approx. EUR 753 million in the third quarter of 2005 as a consequence of natural disasters; in particular the hurricanes "Katrina" and "Rita" in the United States and floodings in Central Europe. Other insurance and reinsurance companies were also strongly affected by these

natural disasters. Nonetheless, the periodic net income was EUR 3.5 billion (first nine months 2004: EUR 2.0 billion). Thus, the net income increased substantially, in particular because of the improved operating profits as well as because there are no more regular amortisations on goodwill due to amended amortisation and accounting standards. As compared to December 31, 2004, the shareholders' equity of Allianz Group increased by 28.9 % to EUR 48.6 billion as of September 30, 2005.

d) Share Capital and Shareholders

(aa) Share Capital

As of December 15, 2005, the share capital of Allianz is EUR 1,039,462,400 (including the capital increase in the amount of EUR 23,040,000 out of the Conditional Capital 2004 after exercise of subscription rights from the warrant issue, in this regard, *cf.* (dd)). Since the increase of the share capital by EUR 23,040,000 through exercise of subscription rights from the warrant issue conducted in 2005 can only be entered in the commercial register after the end of the financial year 2005, the share capital currently shown in the commercial register and the articles of association of Allianz still amounts to EUR 1,016,422,400.

The share capital in the amount of EUR 1,039,462,400 is divided into 406,040,000 no-par value shares. Each share is entitled to one vote. The shares issued in 2005 carry dividend rights effective from January 1, 2005. The shares are registered and may only be transferred with the approval of Allianz. Approval duly applied for will only be withheld by Allianz if Allianz deems this to be necessary in the interest of the company on exceptional grounds; such grounds will be made known to the applicant (Section 2 para. 2 of the articles of association of Allianz).

In the financial year 2005, the share capital has increased by EUR 23,040,000 by exercise of subscription rights from the warrant issue conducted in 2005. In addition, shares with a notional value of the share capital of EUR 25,899,136 were issued out of the Authorised Capital 2004/I under exclusion of subscription rights (*Bezugsrechtsausschluss*) pursuant to Section 186 para. 3 sentence 4 German Stock Corporation Act (*Aktiengesetz – AktG*) and were placed by a consortium of banks. Finally, shares with a notional value of the share capital of EUR 2,939,264 were issued out of the Authorised Capital 2004/II and were offered for purchase to the employees.

(bb) Authorisation for the Acquisition of Treasury Shares

By resolution of the general meeting of Allianz on May 4, 2005, the board of management was authorised to acquire and use treasury shares for the pursuit of miscellaneous purposes. In addition, there is an authorisation for German and non-German credit institutions that are majority-owned by Allianz to buy and sell treasury shares of Allianz up to a maximum of 5 % of the share capital for purposes of securities trading. The acquisition of treasury shares pursuant to both authorisations, together with other shares which are in the possession of the company or are attributable to it pursuant to Sections 71a *et seq.* AktG, may at no time exceed 10 % of the share capital of Allianz. The authorisations for the acquisition of treasury shares are effective until November 3, 2006.

It is proposed to the extraordinary general meeting of Allianz on February 8, 2006, to renew these authorisations – under cancellation of the aforementioned existing authorisations – with a term until August 7, 2007. As an additional purpose of use, the satisfaction of claims arising from the stock option program of RAS for the year 2005 with up to 173,241 Allianz shares is provided for (*see* in detail in this regard the comments on the merger plan in chapter VI.1.i)(bb)).

As of December 31, 2004, Allianz Group held 18,915,201 treasury shares. Of these shares, Dresdner Bank AG, through a subsidiary, has transferred 17,155,008 shares in January 2005. As of December 15, 2005, Allianz held 424,035 treasury shares.

(cc) Authorised Capital

The board of management of Allianz is authorised by Section 2 para. 3 of the articles of association, in the version of November 2005, to increase once or several times, upon the approval of the supervisory board, the share capital of the company until May 4, 2009, by issuance of new registered no-par value shares, against contributions in cash and/or kind, by up to a total of EUR 424,100,864 (Authorised Capital 2004/I).

The board of management is authorised, subject to approval of the supervisory board, to exclude shareholders' subscription rights for fractional amounts and, in addition, to the extent necessary to grant subscription rights on new shares to holders of bonds issued by Allianz, 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. Besides, the board of management is authorised, upon the approval of the supervisory board, to exclude shareholders' subscription rights in case of a capital increase against contributions in kind.

In addition, the board of management was authorised to exclude shareholders' subscription rights, upon the approval of the supervisory board, in the case of a capital increase against contributions in cash, if the issue price of the new shares is not significantly lower than the market price and all the shares issued under exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG do not exceed 10 % of the capital stock, neither on the date when this authorisation takes effect nor on the date of exercise of this authorisation. The sale of treasury shares will be counted towards this limitation if the sale is effected during the term of this authorisation and if subscription rights are excluded pursuant to Section 186 para. 3 sentence 4 AktG. 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 authorisation under exclusion of subscription rights in corresponding application of Section 186 para. 3 sentence 4 AktG.

It is proposed to the extraordinary general meeting of Allianz on February 8, 2006, under item 3 on the agenda, to renew this authorised capital with a nominal amount of up to EUR 450,000,000 – under cancellation of the aforementioned existing Authorised Capital 2004/I – with a term until February 7, 2011; this authorised capital is to be continued by Allianz SE (*see* in more detail in this regard the comments on the merger plan and the statutes of Allianz SE in chapters VI.1.c) and VI.2.b)(bb)).

The new authorised capital thereby created is to be continued by Allianz SE with regard to its amount, with utilisations of the authorised capital of occurring before the effectiveness of the merger being considered respectively. Thus – subject to the approval by the general meeting of Allianz – a synchronisation is intended for Allianz AG and for Allianz SE with regard to the amount of the Authorised Capital 2006/I. Therefore, it is provided in Section 2 para. 3 of the statutes of Allianz SE, proposed in connection with the merger plan, that the Authorised Capital 2006/I of Allianz SE shall amount to no more than the amount still available from the authorised capital pursuant to Section 2 para. 3 of the articles of association of Allianz AG at the point in time of the effectiveness of the merger of RAS into Allianz.

In addition to the authorisation provided for in Section 2 para. 3 of the articles of association of Allianz, pursuant to Section 2 para. 4 of the articles of association, in the version of November 2005, the board of management is authorised to increase once or several times, upon the approval of the supervisory board, the registered share capital of the company until May 4, 2009, by issuance of new registered no-par value shares, against contributions in cash, by up to a total of EUR 4,356,736 (Authorised Capital 2004/II). The board of management is authorised, upon the approval of the supervisory board, to exclude shareholders' subscription rights in order to issue the new shares to the employees of Allianz and Allianz Group companies; the board of management is further authorised, subject to the approval of the supervisory board, to exclude subscription rights with respect to fractional amounts.

It is proposed to the extraordinary general meeting of Allianz on February 8, 2006, under item 4 on the agenda, to renew this authorised capital with a nominal amount of up to EUR 15,000,000 – under cancellation of the aforementioned existing Authorised Capital 2004/II – with a term until February 7, 2011; this authorised capital is to be continued by Allianz SE (*see* in this regard chapter VI.2.b)(bb)). With regard to the Authorised Capital 2006/II, the statements made above concerning the synchronisation of the Authorised Capital 2006/I at Allianz AG and at Allianz SE, respectively, apply *mutatis mutandis* (*see* Section 2 para. 4 of the statutes of Allianz SE proposed in the merger plan).

(dd) Authorisation for the Issuance of Convertible and Option Bonds

By resolution of the general meeting of Allianz on May 5, 2004, the board of management was authorised, subject to the approval of the supervisory board, to issue convertible and option bonds. The term of the authorisation ends on May 4, 2009. Under the authorisation, bearer or registered convertible and/or option bonds (hereinafter collectively referred to as "**bonds**") may be issued once or several times for a nominal amount of up to EUR 10,000,000,000. The bond holders may be granted conversion or option rights for shares of the company for a portion of the share capital of up to EUR 250,000,000 subject to the provisions of the respective conditions of the convertible or option bonds.

The authorisation further contains stipulations regarding the minimum conversion or option price, respectively.

In principle, the shareholders are entitled to subscription rights with regard to the bonds. However, shareholders' subscription rights may be excluded for fractional amounts and, in addition, to the extent necessary to grant subscription rights to holders of conversion or option rights for shares of the company or, respectively, to creditors of bonds that carry 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. Besides, the board of management is authorised to exclude shareholders' subscription rights to the extent bonds are issued against contributions in kind, provided that the value of the contribution in kind is in appropriate proportion to the fair market value of the bond.

This authorisation was partly utilised by issuance of option bonds in the nominal amount of EUR 1,400,000,000. The option rights issued entitle to the subscription of a total of up to 11.2 million shares in the nominal value of EUR 28,672,000 out of the conditional capital (*see (ee)*). Because of the exercises of option rights made so far, a total of EUR 23,040,000, *i.e.* 9 million shares, have been issued out of the Conditional Capital 2004.

In order for Allianz SE to be able to issue convertible and/or option bonds to a sufficient extent, it is proposed to the extraordinary general meeting of Allianz on February 8, 2006, under item 5 on the agenda, to renew this authorisation with a nominal amount of bonds to be issued of up to EUR 10,000,000,000 – under cancellation of the aforementioned existing authorisation – with a term until February 7, 2011.

(ee) Conditional Capital

Pursuant to Section 2 para. 5 of the articles of association, in the version of November 2005, the share capital is conditionally increased by an aggregate amount of up to EUR 250,000,000 through the issuance of up to 97,656,250 new registered no-par value shares with dividend rights becoming effective at the beginning of the financial year in which such shares are issued (Conditional Capital 2004). The conditional capital increase shall be carried out only to the extent that holders of conversion or option rights attached to bonds that Allianz or its group companies have issued against payment in cash pursuant to the authorisation approved by the general meeting on May 5, 2004, exercise their conversion or option rights, or to the extent that conversion obligations resulting from such bonds are fulfilled, and only insofar as no other methods of servicing these rights are used. The amount of the Conditional Capital 2004 shown in the articles of association has so far been reduced by EUR 23,040,000 because of the exercise of option rights which were issued in accordance with the authorisation for the issuance of convertible and option bonds (*see (dd)*). Options for the issuance of another 2,200,000 shares may yet be exercised.

It is proposed to the extraordinary general meeting of Allianz on February 8, 2006, under item 5 on the agenda, to renew the authorisation to issue convertible and option bonds (*see (dd)*). Accordingly, it is also proposed to the extraordinary general meeting of Allianz on February 8, 2006, under item 5 on the agenda, to reduce, in view of the shares not yet issued and because of the possible exercise of option rights, the existing Conditional Capital 2004 to EUR 5,632,000 (equals the nominal amount for the issuance of up to 2,200,000 shares which can be exercised on the basis of options

issued) and to create a new conditional capital (Conditional Capital 2006) in the amount of EUR 250,000,000. The capital increase from the Conditional Capital 2006 will become effective only to the extent that conversion or option rights are exercised by holders of bonds that Allianz or its group companies have issued against payment in cash pursuant to the authorisation approved by the general meeting on February 8, 2006, or to the extent that conversion obligations resulting from such bonds are fulfilled, and only insofar as no other methods of servicing these rights are used.

In Section 2 para. 5 of the statutes of Allianz SE, proposed in connection with the merger plan, provision is being made for a conditional capital in the amount of EUR 226,960,000, but only up to the amount which is stated for the conditional capital in Section 2 para. 5 of the articles of association of Allianz at the point in time of the change of legal form of Allianz into an SE. Further, the registered share capital is conditionally increased in Section 2 para. 6 by up to EUR 250,000,000, but only if and up to the amount in which a conditional capital is stated in Section 2 para. 6 of the articles of association of Allianz at the point in time of the change of legal form of Allianz into an SE.

(ff) Shareholders

The shares of Allianz are in free float. No notifications have been made to Allianz pursuant to Sections 21, 22 German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) according to which one of the shareholders would have exceeded the notification threshold of 5%.

e) Corporate Bodies

(aa) Board of Management

Presently, the board of management of Allianz is composed of the following members with the areas of responsibility set out below:

Michael Diekmann, Chairman of the Board of Management

Dr. Paul Achleitner, Group Finance

Detlev Bremkamp, Europe II

Jan R. Carendi, Americas

Dr. Joachim Faber, Allianz Global Investors (AGI)

Dr. Reiner Hagemann, Europe I

Dr. Helmut Perlet, Group Controlling, Financial Risk Management, Accounting, Taxes, Compliance

Dr. Gerhard Rupprecht, Group Information Technology, Life Insurance Germany

Dr. Herbert Walter, Allianz Dresdner Banking (ADB)

Dr. Werner Zedelius, Growth Markets.

Detlev Bremkamp and Dr. Reiner Hagemann will cease to be members of the board of management as of December 31, 2005.

As of January 1, 2006, the supervisory board has appointed the following persons as members of the board of management:

Enrico Cucchiani, currently CEO (*Presidente e Amministratore Delegato*) of Lloyd Adriatico S.p.A.,

Jean-Phillippe Thierry, currently CEO (*Président Directeur Général*) of AGF, and

Clement Booth, former CEO (*chief executive officer*) of Aon Re International.

Further, effective January 1, 2006, the responsibilities of the members of the board of management were determined as follows:

Michael Diekmann, Chairman of the Board of Management

Dr. Paul Achleitner, Finance

Clement Booth, Insurance Anglo Broker Markets, Global Lines

Jan R. Carendi, Insurance NAFTA

Enrico Cucchiani, Insurance Europe I

Dr. Joachim Faber, Asset Management

Dr. Helmut Perlet, Controlling, Reporting, Risk

Dr. Gerhard Rupprecht, Insurance Germany

Jean-Phillippe Thierry, Insurance Europe II

Dr. Herbert Walter, Banking

Dr. Werner Zedelius, Insurance Growth Markets.

(bb) Supervisory Board

The supervisory board of Allianz consists of 20 members and is composed in accordance with the German Co-determination Act 1976 (*Mitbestimmungsgesetz 1976 – "MitbestG 1976"*). Ten members are elected by the general meeting, ten members are elected by the employees. In accordance with the MitbestG 1976, the employee representatives are elected by the workforce of the German group companies. Presently, the following individuals are members of the supervisory board of Allianz:

Shareholder Representatives

Dr. Henning Schulte-Noelle, Chairman, former Chairman of the Board of Management of Allianz AG

Dr. Wulf H. Bernotat, Chairman of the Board of Management of E.ON AG

Dr. Diethart Breipohl, former member of the Board of Management of Allianz AG

Dr. Gerhard Cromme, Chairman of the Supervisory Board of ThyssenKrupp AG

Franz Fehrenbach, Chairman of the Board of Management of Robert Bosch GmbH

Dr. Franz B. Humer, Chairman of the Board of Directors and CEO of F. Hoffmann-La Roche AG

Prof. Dr. Renate Köcher, Chairperson of the Institut für Demoskopie Allensbach

Igor Landau, member of the Board of Directors of Sanofi-Aventis S.A.

Dr. Manfred Schneider, Chairman of the Supervisory Board of Bayer AG

Prof. Dr. Dennis J. Snower, President of the Kiel Institute for World Economics.

Employee Representatives

Norbert Blix, Deputy Chairman, employee, Allianz Versicherungs-AG

Claudia Eggert-Lehmann, employee, Dresdner Bank AG

Hinrich Feddersen, former member of the Federal Steering Committee of ver.di

Peter Haimerl, employee, Dresdner Bank AG

Prof. Dr. Rudolf Hickel, Professor of Finance, University of Bremen

Dr. Max Link, executive employee, Allianz Versicherungs-AG

Iris Mischlau-Meyrahn, employee, Allianz Lebensversicherungs-AG

Karl Neumeier, employee, Allianz Versicherungs-AG

Sultan Salam, employee, Dresdner Bank AG

Margit Schoffer, employee, Dresdner Bank AG.

The Allianz supervisory board has established the following committees: Audit Committee, Personnel Committee, Standing Committee, Mediation Committee.

In the course of the conversion of Allianz into an SE it is proposed to reduce the number of members of the supervisory board to twelve, to be composed of six shareholder representatives and six employee representatives.

f) Employees and Co-Determination

As of December 31, 2004, Allianz Group employed 176,501 employees in more than 70 countries, as of September 30, 2005, it was 178,462 employees.

With regard to the supervisory board of Allianz with 20 members which is composed on a parity basis in accordance with the MitbestG 1976, the employees of the group companies have the active and passive voting right in accordance with the MitbestG 1976. Besides, there are additional supervisory boards in other group companies, on the basis of the applicable national laws, in which the employees have participation rights.

Further, within the Allianz Group, there are employee representative bodies pursuant to the national laws. In Germany these are, in particular, besides the works councils of the individual establishments, several company works councils (*Gesamtbetriebsräte*), a group works council (*Konzernbetriebsrat*) as well as executive staff committees (*Sprecherausschüsse*) in several group companies as representation of executive staff employees. A European Works Council, the Allianz Europe Committee, was created on a Europe-wide basis.

2. Riunione Adriatica di Sicurtà S.p.A. (RAS)

a) Registered Office, Financial Year and Corporate Purpose

Riunione Adriatica di Sicurtà S.p.A. is a stock corporation under Italian law (*Società per Azioni – S.p.A.*) with its registered office in Milan, Corso Italia 23, Italy, registered at the Milan companies register (*Registro delle Imprese*) under no. 00218610327. The financial year of RAS corresponds to the calendar year.

The corporate purpose of RAS under its articles of association is the performance of all legally permitted kinds of insurance business in any country, either directly or by way of reinsurance or retrocession. RAS may also perform capitalisation and savings operations, undertake to pay sums or issue securities and mortgage-backed securities, as well as conduct asset management. The company may also carry out all operations connected with or inherent in the corporate purpose, including the acquisition of interests and shareholdings in other companies having a corporate purpose similar to its own.

b) Corporate History and Development

RAS was established on May 9, 1838, in Trieste. In the following years, offices in Vienna, Prague, Budapest, Graz and Livorno as well as the head office in Venice for the Lombardo-Veneto kingdom were opened. In 1846, the first reinsurance agreements were concluded; besides, further offices were opened in Danzig, Nuremberg, Warsaw, Hamburg, Cologne and Florence. In 1854, the life insurance branch was set up, in 1862, RAS acquired Adriatico Banco di Assicurazioni. Forty years after its formation RAS Group had twelve general branches, 176 principal branches and 4,061 sub-branches. On April 7, 1927, RAS shares were listed for the first time on the Milan stock exchange.

In the years 1928 to 1934, RAS opened additional branches in Morocco, India, China, Brazil and Lebanon. By the foundation's centenary in 1938, RAS had representations and operated in 26 countries. Two years after the end of the Second World War, the head office was transferred from Trieste to Milan.

In 1990, RasBank was established, which five years later became the first telephone banking operation in Italy. Since 1999, RasBank offered services via the internet. One year before, Genialloyd (from 1997 until 2002 operating under the company name Lloyd 1885) began to sell insurance policies via the internet, at that time a novelty in Italy. Since 2002, RasBank expanded significantly; it acquired Dival Ras, Ras Investimenti Sim, Commerzbank Asset Management Italia, BPVi Suisse and Banca BNL Investimenti.

In 2003, RAS finalised a EUR 800 million share buy-back program (with a subsequent capital reduction). Also in 2003, it established Dartá Saving Life in Dublin, Ireland.

Beginning in 1984, Allianz increased, in a number of steps, its interest in RAS. After completion of the voluntary tender offer conducted in October 2005 and November 2005 (*see* chapter IV.3.d)), Allianz holds 76.3 % of the RAS ordinary shares and 71.3 % of the RAS savings shares, thus 76.3% of the total share capital of RAS.

c) Business Activities and Participations in Other Companies

In the following, the business activities of RAS are being described, amongst others, by means of principal key indicators. Unless indicated otherwise, the consolidated key indicators of RAS Group presented on the following pages of this merger report are data which were prepared by Allianz for the purpose of consolidation in accordance with IFRS; the revised and new IFRS accounting and valuation standards adopted by

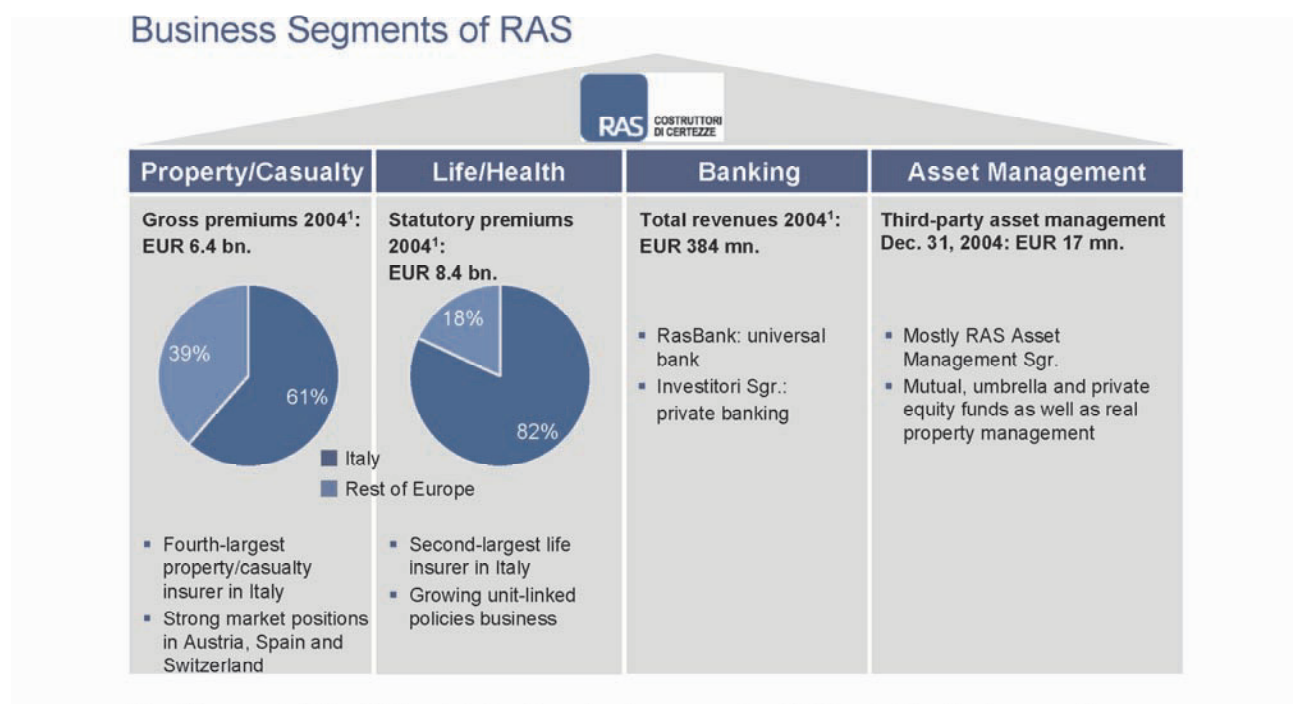
Allianz in the financial year 2005 have also been taken into account (*see* chapter 1.c)(gg)(1)). Therefore, data pertaining to periods commencing before January 1, 2005, deviate from the data which has been published by RAS Group in its annual and interim reports including until the year 2004, because the latter have been prepared in accordance with the accounting and valuation provisions applicable in Italy. The IFRS data of RAS Group presented in this merger report has been prepared by Allianz in accordance with its standards for the purpose of consolidation and therefore, as a result of the different interpretations of accounting and valuation options and as result of differences in the exercise of the option rights, may also deviate from the IFRS data published by RAS in 2005. Insofar, the data also deviates from the presentation of RAS in the RAS Merger Report.

(aa) Overview

RAS Group is one of the leading providers of insurance and financial services in Italy, with approximately five million private and business clients in that market. RAS offers a wide variety of insurance and pension products in the property/casualty and life/health insurance business. In addition, RAS Group offers banking and asset management services.

The total consolidated revenues for the financial year 2004 were EUR 15.292 billion, and EUR 11.779 billion for the first nine months of the financial year 2005. The RAS sales network as of June 30, 2005 consisted of 1,450 insurance agents, 2,800 financial and investment advisors and, in the connection with bancassurance agreements, of approx. 3,200 bank branches. In addition, RAS products are being distributed via the internet subsidiary Genialloyd; based on gross premiums written in 2004, the company is Italy's leading online insurance provider.

The following chart shows a simplified presentation of the business structure of RAS Group.



Note: All figures acc. to IFRS 1) Before elimination of transactions between companies of RAS Group in different business segments

The following table sets forth the total revenues of RAS Group by segment for the financial year 2004 as well as for the first nine months of the financial year 2005.

(EUR mn.)	Total revenues*	
	Jan. 1 - Sept. 30, 2005	Jan. 1 - Dec. 31, 2004
Property/casualty insurance	4,909	6,412
Life/health insurance	6,474	8,419
Personal financial services		
Banking	323	384
Asset Management	204	196
Consolidation adjustments	-131	-119
RAS Group	11,779	15,292

*The total revenues comprise gross premiums from the property/casualty segment and the life/health segment (including unit-linked life insurance policies and other investment-oriented products), as well as all revenues from the banking and asset management business.

RAS has local insurance subsidiaries in Switzerland, Austria and Portugal. In addition, it holds 50.0 % in AGF RAS Holding BV, Amsterdam, which operates in Spain, in particular via its subsidiaries Allianz Compañía de Seguros (property/casualty and life/health), Fénix Directo (property/casualty) and Eurovida (life/health), all with their head offices in Madrid, in the property/casualty and life/health business. AGF RAS Holding BV is included in the financial statements on an "at equity" basis; this has the effect, in particular, that the premium revenues of RAS presented in this report do not contain any premiums from Spain. In addition, RAS has a 50.0 % interest in Groupe Mondial Assistance, Zurich, which specialises in travel insurance and assistance.

Prior to the merger, RAS will hive-down its entire business, with the exception of a number of participations in foreign companies, certain tax assets and tax liabilities as well as approx. 60 employees and other assets, to a new Italian subsidiary (RAS Italia S.p.A.) (*see* chapter IV.3.b)). After completion of the merger, this company will be a wholly-owned subsidiary of Allianz SE. The foreign participations, *e.g.* in Austria, Switzerland and Spain, will in the future, by way of the merger, be held directly by Allianz through intermediate holding companies (for more details, *see* chapter III.3.b)).

(bb) Property/Casualty Insurance

RAS Group offers its private and business clients all typical property/casualty insurance products. Gross premiums written in the first nine months of the financial year 2005 amounted to EUR 4.909 billion; in the financial year 2004 to EUR 6.412 billion, in 2003 to EUR 6.242 billion and in 2002 to EUR 5.970 billion.

The following table sets forth the gross premiums written in the property/casualty insurance segment for the first nine months of the financial year 2005 as well as the financial years 2004, 2003 and 2002, broken down by Italian and non-Italian business.

(EUR mn.)	Gross premiums written property/casualty			
	Jan. 1 - Sept. 30, 2005	Jan. 1 - Dec. 31, 2004	Jan. 1 - Dec. 31, 2003	Jan. 1 - Dec. 31, 2002
Italy	2,716	3,934	3,784	3,645
Rest of Europe	2,193	2,478	2,458	2,325
RAS Group	4,909	6,412	6,242	5,970

In Italy, these products and services are mainly sold through a tightly-knit network of agencies, through brokers and via online and telephone distribution. Based on gross premiums written in 2004, RAS is the fourth-largest provider of property/casualty insurance in its home market Italy.

Outside Italy, RAS Group has property/casualty insurance business activities in Switzerland, Austria, Spain and Portugal (*see* (aa)).

The property/casualty insurance business of RAS is focused on private as well as small and medium-sized business clients.

(cc) Life/Health Insurance

In the life/health insurance business segment the total statutory premiums written in the first nine months of the financial year 2005 amounted to EUR 6.474 billion; in the financial year 2004, they amounted to EUR 8.419 billion, in 2003 to EUR 9.260 billion and in 2002 to EUR 8.044 billion.

The following table sets forth the statutory premiums written in this business segment for the first nine months of the financial year 2005 as well as for the financial years 2004, 2003 and 2002, broken down by Italian and non-Italian business.

(EUR mn.)	Statutory premiums* life/health			
	Jan. 1 - Sept. 30, 2005	Jan. 1 - Dec. 31, 2004	Jan. 1 - Dec. 31, 2003	Jan. 1 - Dec. 31, 2002
Italy	5,308	6,945	7,657	6,506
Rest of Europe	1,166	1,474	1,603	1,538
RAS Group	6,474	8,419	9,260	8,044

*Statutory premiums contain gross premiums written from sales of life insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

Based on statutory premiums written in 2004, RAS is the second-largest provider of life insurance in the Italian market. The life insurance policies of RAS are, in particular, endowment life insurance policies as well as unit-linked and other investment-oriented products. The funds underlying this product line are managed in part by RAS itself, in part by third-party asset managers.

Outside Italy, RAS Group conducts its business, through its subsidiaries, in Switzerland, Austria, Spain and Portugal (*see* (aa)).

(dd) Personal Financial Services

The RAS business segment personal financial services comprises the banking business and the asset management business.

(1) Banking

The RAS banking business, which is mainly conducted by RasBank, generated total revenues in the first nine months of the financial year 2005 of EUR 323 million; in the financial year 2004, they amounted to EUR 384 million, compared to EUR 294 million in 2003 and EUR 304 million in 2002.

RasBank is a universal bank. It was established in 1990 and expanded since 2002, in particular, by the acquisition of Dival Ras, Ras Investimenti Sim, Commerzbank Asset Management Italia, BPVi Suisse and Banca BNL Investimenti. Through RasBank, its approx. 500,000 clients have access to a broad variety of banking and financial services; these products are marketed through telephone and online banking as well as by more than 3.200 advisors in all of Italy.

RAS Group provides private banking services through its subsidiary Investitori Sgr. Established in 2001, the business model of this provider is based on a network of private bankers which offer their clients custom-tailored securities portfolios, including shares and an exclusive selection of investment certificates.

(2) Asset Management

The total revenues generated in the RAS asset management business amounted to EUR 204 million in the first nine months of the financial year 2005; in the financial year 2004, they amounted to EUR 196 million, after EUR 190 million in 2003 and EUR 239 million in the financial year 2002. The business data of this segment is largely attributable to RAS Asset Management Sgr.; the company offers mutual funds, umbrella funds and private equity funds and is engaged in the area of real property management for private and institutional clients.

(ee) Primary Subsidiaries of RAS

The following primary operational subsidiaries are being held, directly or indirectly, by RAS (as of September 30, 2005):

Company	Segment	Interest held by RAS Group
Italy		
Allianz Subalpina S.p.A. – Turin	Insurance	97.94%
Creditras Assicurazioni S.p.A.* Milan	Insurance	50.00%
CreditRas Vita S.p.A.* Milan	Insurance	50.00%
Genialloyd S.p.A. Milan	Insurance	99.99%
RAS Asset Management Sgr. Milan	Asset management	100.00%
RasBank S.p.A. Milan	Banking	100.00%
Rasfin Sim S.p.A. Milan	Securities services	100.00%
RASSERVICE Gestione e Liquidazione Danni Milan	Service company	100.00%
RB Vita S.p.A. Milan	Insurance	100.00%
Austria		
Allianz Elementar Versicherungs-AG Vienna	Insurance	50.10%
Allianz Elementar Lebensversicherungs-AG Vienna	Insurance	49.60%
Ireland		
DARTA Saving Life Assurance Limited Dublin	Insurance	100.00%
Portugal		
Companhia de Seguros Allianz Portugal S.A. Lisbon	Insurance	64.85%
Spain		
Allianz Compañía de Seguros y Reaseguros S.A. Madrid	Insurance	48.31%
Switzerland		
Allianz Suisse Versicherungs- Gesellschaft Zurich	Insurance	69.80%
Allianz Suisse Lebensversicherungs-Gesellschaft Zurich	Insurance	99.987%

*) Joint venture participations which are being held together with Unicredito. Companies are being consolidated within RAS Group because of existing management agreements.

d) Business Development and Key Indicators**(aa) Overview**

The following table sets forth selected consolidated indicators of RAS Group for the first nine months of the financial years 2005 and 2004 as well as for the financial years 2004, 2003 and 2002. For periods before January 1, 2005, the data is presented, in the first instance, on the basis of the accounting and valuation principles applicable in Italy; this is the way the data has been published in the annual and interim reports of RAS Group for these periods (referred to in the table as "RAS old – Italy"). In cases where no comparable indicators are contained in these RAS publications, this is marked in the table with "-". To enable comparability, the indicators are presented in a second column in the way they were prepared by Allianz Group in accordance with its standards for purposes of consolidation (referred to in the table as "RAS new – IFRS"); this includes the revised and new IFRS accounting and evaluation provisions adopted by Allianz in the financial year 2005 with retrospective effect for those financial years commencing prior to January 1, 2005 (for further information with regard to the changes *see* Chapter 1.c)(gg)(1)). The IFRS data included in the table for the first nine months of the financial year 2005 has been prepared by Allianz in accordance with the same provisions; therefore, these figures may also deviate from the IFRS data published by RAS for the first nine months of 2005. The definition of Allianz of individual indicators may deviate from that of RAS.

Translation for Convenience

Key indicators RAS Group ¹⁾	Jan. 1 - Sept. 30, 2005	Jan. 1 - Sept. 30, 2004		Jan. 1 - Dec. 31, 2004		Jan. 1 - Dec. 31, 2003		Jan. 1 - Dec. 31, 2002	
	RAS new – IFRS	RAS new – IFRS	RAS old – Italy	RAS new – IFRS	RAS old – Italy	RAS new – IFRS	RAS old – Italy	RAS new – IFRS	RAS old – Italy
Total revenues²⁾ (EUR mn.)									
Property/ casualty ³⁾	4,909	4,771	5,444	6,412	7,290	6,242	7,017	5,970	6,696
Life/health ³⁾	6,474	5,908	6,173	8,419	8,834	9,260	9,552	8,044	8,343
Personal financial services									
Banking	323	272	–	384	–	294	–	304	–
Asset management	204	143	–	196	–	190	–	239	–
Consolidation adjustments	-131	-89	–	-119	–	-138	–	-214	–
RAS Group	11,779	11,005	–	15,292	–	15,848	–	14,343	–
Earnings from ordinary activities (EUR mn.)									
Property/ casualty	706	624	–	800	–	637	–	805	–
Life/health	410	267	–	398	–	313	–	141	–
Personal financial services									
Banking	23	7	–	-13	–	-22	–	8	–
Asset management	33	19	–	26	–	26	–	10	–
Consoli- dation adjustments	-138	-77	–	-98	–	-37	–	-31	–
RAS Group	1,034	840	909	1,113	1,141	917	925	933	1,229
Period net income (EUR mn.)	646	506	570	676	691	494	554	837	911
Earnings per ordinary share (EUR)	0.96	0.75	–	1.01	1.03	0.73	0.82	1.16	1.25
Earnings per savings share (EUR)	0.98	0.77	–	1.03	–	0.75	–	1.20	–
Balance sheet total at end of period (EUR mn.)	75,543	66,400	–	71,076	68,144	63,040	61,305	58,119	55,792
Shareholders' equity (without minority interests in shareholders' equity) at end of period (EUR mn.)	6,819	6,163	4,580	6,525	4,705	6,119	4,391	6,330	4,974
Minority interests in earnings at end of period (EUR mn.)	1,076	931	–	1,056	650	911	581	891	559

¹⁾ In cases where no comparable indicators are contained in the annual or interim reports of RAS ("RAS old – Italy"), this is marked in the table with "-".

²⁾ The total revenues comprise gross premiums from the property/casualty segment and the life/health segment (including unit-linked life insurance policies and other investment-oriented products), as well as the operating revenues from the banking and asset management business.

³⁾ The differences with regard to the premiums in the property/casualty and life/health insurance business between "RAS new – IFRS" and "RAS old – Italy" are due, in particular, to the fact that for the purpose of consolidating AGF RAS Holding BV RAS has applied the so-called proportionate consolidation; by contrast, in preparing the data, Allianz has applied, in accordance with its standards, the so-called "at equity method" for the purpose of consolidating AGF RAS Holding BV. As a result, in contrast to the columns "RAS old – Italy", the premiums shown in the columns "RAS new – IFRS" include no premiums from Spain.

For the purposes of the following comments on the business development in the financial year 2004 and in the first nine months of the financial year 2005, exclusive reference is being made to those key indicators which are based on the IFRS rules in force since January 1, 2005, as applied by Allianz.

(bb) Comparison of Financial years 2004 and 2003

(1) Revenues

In the financial year 2004, total revenues of RAS Group decreased by 3.5 % to EUR 15.292 billion as compared to financial year 2003. This development is largely the result of a decrease in statutory premiums in the life/health insurance segment. However, this reduction of revenues was, in part, compensated by an increase of gross premiums written in the property/casualty segment and the growth of total revenues in the personal financial services segment, in particular in the banking business.

Property/Casualty Insurance

In the financial year 2004, gross premiums written increased by 2.7 % to EUR 6.412 billion, largely as a result of the growth in Italy in the area of automobile, liability and private property insurance. However, this growth in revenues was, in part, reduced by a negative exchange-rate development between the Euro and the Swiss franc; thereby, the premiums generated in Switzerland decreased in the Euro calculation.

Life/Health Insurance

In this segment, statutory premiums decreased by 9.1 % to EUR 8.419 billion. This reduction is largely due to a weaker performance of the bancassurance sales in Italy.

Personal Financial Services

Total revenues in the Personal Financial Services by approx. 19.8 % to EUR 580 million. In the banking business, the total profits of EUR 90 million (+ 30.6 %) were increased. Such increase is largely due to an improved trading result and a higher commission income. In the area of asset management, profits were about steady with an increase by EUR 6 million; the asset management for third parties, however, increased significantly by EUR 3.2 billion or 23.0 %.

(2) Earnings from Ordinary Activities

In 2004, RAS achieved further operational improvements. Earnings from ordinary activities grew significantly by 21.4 % to EUR 1.113 billion. This growth was due, in particular, to contributions from the insurance segments.

Property/Casualty Insurance

In the property/casualty insurance segment, the combined ratio could be reduced from 97.9 % to 95.9 %, in particular, by a disciplined tariff and underwriting policy as well as firm cost control. Thereby, earnings from ordinary activities could be significantly increased by 25.6 % to EUR 800 million.

Life/Health Insurance

The earnings in this segment increased from EUR 313 million to EUR 398 million. The increase is, *inter alia*, due to lower insurance payments; in this respect also a movement in the product portfolio had an impact.

Personal Financial Services

In the banking business the losses could be reduced from EUR 22 million to EUR 13 million. The earnings in the asset management business were steady with EUR 26 million.

(3) Net Income

The improved earnings of RAS Group from ordinary activities are also reflected in the net income which grew by 36.8 % to EUR 676 million.

(cc) Comparison of the First Nine Months of 2005 and 2004

(1) Revenues

In the first nine months of the financial year 2005, in comparison to the same period in 2004, total revenues of RAS Group increased by 7.0 % to EUR 11.779 billion. All business segments contributed to this improvement of revenues, in particular the life/health insurance business.

Property/Casualty Insurance

In this segment, gross premiums written increased by 2.9 % to EUR 4.909 billion. The improvement is largely due to the business with liability, fire and personal property insurance both in Italy and abroad. Following general market trends, there was less growth in the automobile insurance business in Italy.

Life/Health Insurance

Statutory premiums increased by 9.6 % to EUR 6.474 billion. While there was an important increase of revenues in Italy, premiums generated in non-Italian markets were mostly stable.

Personal Financial Services

Total operating profits increased by 27.0 % to EUR 527 million. The latter was also affected by the integration of the sales division of Banca BNL Investimenti S.p.A. and of Commerzbank Asset Management Italia S.p.A. In the banking business, the total

operating profits increased by 18.8 % to EUR 323 million, largely due to a higher trading result and an improved commission income. In the asset management segment, profits increased by 42.7 % to EUR 204 million, mostly because of a higher commission income. The third-party assets under management increased by EUR 2.2 billion or 12.9 %, as compared to December 31, 2004; this includes a market-related increase of EUR 1.4 billion and a net inflow of funds of EUR 0.8 billion.

(2) Earnings From Ordinary Activities

In the first nine months of the financial year 2005, in comparison to the same period in 2004, earnings from ordinary activities increased by 23.1 % to EUR 1.034 billion. All segments showed an increase in earnings.

Property/Casualty Insurance

The earnings in the property/casualty insurance segment improved by 13.1 % to EUR 706 million, largely due to improvements in underwriting. In addition, the abolition of amortisation of goodwill, as required by the revised IFRS accounting principles, had positive effects; in the first nine months of the previous year these amortisations still had negative effects of EUR 29 million on earnings.

Life/Health Insurance

In the life/health insurance segment the earnings grew by 53.6 % to EUR 410 million. This development was in particular due to improved realisation profits from shares.

Personal Financial Services

In this segment, the earnings also increased significantly; this development largely reflects the increase in revenues. Both the banking and asset management businesses contributed to the improvement of earnings. In the banking business, in the previous year, costs in connection with the acquisition of Banca BNL Investimenti in 2004 negatively affected the earnings. In addition, the asset management business benefited from strict cost management.

(3) Period Net Income

The improved earnings of RAS Group from ordinary activities are also reflected in the nine months net income which grew by 27.7 % to EUR 646 million.

(dd) Liquidity and Financial Strength

Cash and cash equivalents amounted to EUR 861 million as of December 31, 2002, to EUR 1.228 billion as of December 31, 2003, and to EUR 1.035 billion as of December 31, 2004; as of September 30, 2005, they amounted to EUR 651 million.

On December 1, 2005, the financial strength ("Financial Strength"-Rating) of RAS was rated A+ by A.M. Best and AA- by Standard & Poor's, in each case with a stable outlook. At the same point in time, the so-called "Senior Unsecured Debt"-Rating of Moody's was Aa3, also with a stable outlook.

e) Share Capital and Shareholders

(aa) Share Capital

As of December 15, 2005, the share capital of RAS amounts to EUR 403,336,202.40, divided into 672,227,004 shares with a par value of EUR 0.60 each, comprising 670,886,994 ordinary shares (*azioni ordinarie*) and 1,340,010 savings shares (*azioni di risparmio*). Pursuant to Art. 7 para. 1 of the articles of association of RAS, in the version of May 17, 2005, a portion of the share capital in the amount of EUR 100,834,050.60 (equals 25 % of the capital) is allocated to the direct and indirect life insurance activities, and a portion in the amount of EUR 302,502,151.80 (equals 75 % of the capital) is allocated to the direct and indirect non-life insurance activities.

The savings shares carry neither a participation right nor a voting right in the shareholders' meetings of RAS. However, the holders of savings shares are represented in the shareholders' meetings of RAS by a special representative. In the shareholders' meetings, the latter has, amongst others, an information right, a right to make proposals and a right of avoidance. The current representative of the holders of savings shares is Gianfranco Negri Clementi. The savings shares carry the following preferential rights:

- Advance profit distribution of 5 % of the share par value;
- Preferential dividend as compared to ordinary shares, to be decided by the general shareholders' meeting with the provision that savings shares enjoy an overall dividend higher, compared to the dividend of the ordinary shares, from a minimum of 2 % to a maximum of 10 % of the par value of the shares;
- Obligation of the company to make payments for arrears for two years in the case of non-fulfilment of preferential dividend;
- Liquidation preference up to the share par value amount; and
- In case of a capital reduction, the par value of the savings shares may only be reduced if the loss to be compensated exceeds the total par value of the ordinary shares.

(bb) Authorised Capital

The RAS shareholders' meeting on April 29, 2005, authorised the board of directors of RAS to increase, until April 30, 2010, the share capital of RAS, in one or more tranches, from now EUR 403,336,202.40 to up to EUR 516,456,000 against contributions in cash or by transfer of reserves to share capital. This may be implemented, amongst others, by issuing warrants or similar financial instruments. The shares may also be used for issuance to employees of RAS or RAS's controlled companies (Authorised Capital 2005).

(cc) Issuance of Convertible Bonds

The RAS shareholders' meeting on April 29, 2005, authorised the board of directors of RAS to issue, until April 30, 2010, in one or more tranches, convertible bonds up to an amount of EUR 1,200,000,000 against contributions in cash.

(dd) Shareholders

After completion of the voluntary tender offer, since November 30, 2005, the interest held by Allianz in RAS comprises 512,158,245 ordinary shares (representing 76.3 % of the ordinary shares of RAS) and 954,788 savings shares (representing 71.3 % of the savings shares of RAS). According to publicly available information, Crédit Industriel d'Alsace holds 2.14 % of the RAS ordinary shares.

f) Corporate Bodies

In contrast to the administration of a German stock corporation, the administration of RAS is organised in a monistic way (*one-tier system*), *i.e.* the board of directors (*Consiglio di Amministrazione*) conducts the business of the company and represents the company vis-a-vis third parties. In addition there is a controlling body, the *Collegio Sindacale*. According to the articles of association of RAS, the board of directors consists of a minimum of ten and a maximum of 20 members who are being elected by the shareholders' meeting for a period of three years. In accordance with the Corporate Governance Code of RAS, the majority of the members of the board of directors is to be independent. In addition, there is the *Collegio Sindacale* as a controlling body, which is comprised of three members and two substitute members, who are appointed by the shareholders' meeting and whose function is the supervision of the observance of the law and the articles of association and the principles of the sound business management.

Presently, the board of directors of RAS consists of 18 members, 13 of which are independent pursuant to the RAS Corporate Governance Code. Among the members who are not independent there are three members of the board of management of Allianz. In detail, the board of directors is composed as follows:

Giuseppe Vita, Chairman
Michael Diekmann, Vice-Chairman
Paolo Vagnone, Managing Member (*Amministratore Delegato*)
Paolo Biasi
Detlev Bremkamp
Carlo Buora
Vittorio Colao
Nicola Costa
Rodolfo De Benedetti
Klaus Duehrkop
Pietro Ferrero
Francesco Micheli
Salvatore Orlando
Helmut Perlet
Gianpiero Pesenti

Andrea Pininfarina

Gianfelice Rocca

Carlo Salvatori

Aldo Andreoni, Secretary of the Board of Directors.

Effective December 31, 2005, Detlev Bremkamp and Klaus Duehrkop will cease to be a member of the board of directors. Their seats will be taken by Enrico Cucchiani and Joachim Faber (with regard to Enrico Cucchiani and Joachim Faber, *see* also chapter 1.e)(aa)). The term of the other members of the board of directors lasts until the next ordinary shareholders' meeting of RAS in April 2006.

The board of directors has an Executive Committee which is composed of Giuseppe Vita (Chairman), Michael Diekmann (Vice-Chairman), Paolo Vagnone (*Amministratore Delegato*) as well as the members Detlev Bremkamp, Pietro Ferrero and Gianfelice Rocca.

In addition, there are a number of other committees of the board of directors, in particular:

- A personnel committee which submits proposals for the appointment of directors;
- A remuneration committee which submits proposals for the remuneration of certain directors and other executives of RAS;
- An internal audit committee advising the board of directors on internal audit matters and receiving regular reports from the Internal Auditing Division as well as being responsible for consistent application of the accounting standards and the engagement of the auditor;
- A Risk Committee advising the board of directors on risk management matters; and
- A Corporate Governance Committee advising and submitting proposals to the board of directors on corporate governance issues, in particular with regard to updates on the RAS Corporate Governance Code.

The controlling body, *Collegio Sindacale*, currently consists of the following members:

Pietro Manzonetto

Paolo Pascot

Giorgio Stroppiana

and as substitute members

Michele Carpaneda and

Luigi Gaspari.

g) Employees

As of June 30, 2005, RAS Group had approx. 14,248 employees, 5,854 of which in Italy.

III. Business Rationale of the Merger

1. Current Situation

a) General Market Situation in Europe

The market share of the European insurance market in the world market, measured by premiums generated in 2004, amounts to approximately 37 %. The most important European markets – based on premium volume – are the UK, France, Germany and Italy, followed by the Netherlands, Spain, Switzerland and Belgium.

The financial services market is influenced, in particular, by macro-economic indicators such as economic growth and growth of the population as well as capital markets developments on the equity and bond markets. In addition, the market situation in the financial services business has significantly changed in recent years. This was largely due, on the one hand, to changing claims developments in the property/casualty insurance segment, induced, amongst others, by natural disasters which caused higher loss ratios. On the other hand, the demographic development in Europe and the weaknesses of public pension systems lead to a growing importance of private and company pension plans and private capital formation. As a result, there is more significant growth in the areas of life insurance and investment management than in the area of property/casualty insurance.

Even if products and sales structures are still largely characterised by specific national requirements and regulations, it becomes evident that leading market positions in the individual countries are being taken by competitors who operate on a global or European basis. This applies, amongst others, to Germany, France, Italy, the Netherlands and Austria, and to both the insurance business and the banking and asset management business.

These developments and the growing competition therefore require the establishment of structures in the areas of product development, claims management, sales, capital investment and capital management which are efficient and flexible not only on a regional, but also on a Europe-wide level, in order to ensure long-term profitability.

b) Market Situation of Allianz Group in Europe

Presently, more than three quarters of the worldwide gross premiums of Allianz Group are generated in Europe (2004: 75.5 %) and almost 80 % of its risk capital are connected to European activities. Allianz Group is present in almost all European markets and therefore regards Europe as its home market.

The largest portion of the worldwide premium revenues with almost 30 % is being generated in Germany, approx. 16 % are contributed by Italy, approx. 12 % are being generated in France, followed by Switzerland, the United Kingdom, the Benelux states and Spain, each contributing between 3 and 4 % (in 2004).

In Germany, Allianz Group is the market leader in the areas of property/casualty and life insurance and has substantial activities in the asset management and banking segments.

Italy is the second-largest European market for Allianz and shows a strong potential for profitable growth. There, Allianz Group, through RAS and Lloyd Adriatico, is number two in the life insurance segment and number three in the property/casualty segment. By gradually optimising their structures in recent years, both RAS and Lloyd Adriatico were able to generate long-term growth and increase profitability.

In the French market, Allianz Group operates through AGF and is the third-largest competitor, measured by market shares, both for property/casualty and health insurance. In the area of life insurance it is ranked eighth. In Spain as well as in Switzerland and Austria, Allianz has a stronger position in the property/casualty segment than in the life insurance segment. In Spain, Allianz is the second-largest property/casualty insurer – measured by premium volume. In Switzerland and Austria, too, it is amongst the market leaders.

2. Strategic Objectives of Allianz Group and Their Implementation

In order to ensure the strategic objective of "profitable growth" and in order to establish efficient and flexible structures, Allianz has initiated in the year 2003 the "3+One Program" on a group-wide basis. This program is based on four initiatives:

- 1 – Protect and enhance capital base
- 2 – Substantially strengthen operating profitability
- 3 – Reduce complexity
- "+ One" – Increase sustainable competitiveness and shareholder value.

For the implementation of this program, Allianz has started two initiatives in 2004, the *Sustainability Program* and the *Customer Focus Program*.

With respect to the Sustainability Program, outstanding success with regard to products offered, service and operational implementation are being identified systematically and on a world-wide basis within the entire group for the property/casualty and life insurance businesses. The goal is to formulate the conclusions drawn in the process as "Allianz Standards" and to implement them on a group-wide basis, in order to ensure the same level of operational excellence and the highest possible level of performance for the entire group.

The Customer Focus Program concentrates on an even more customer-oriented approach of the entire group with regard to the product portfolio and service. It is the objective that Allianz Group is the "prime address" when customers think of financial services.

However, the group-wide implementation of these objectives and programs requires a further development of Allianz's self-conception as a group. Allianz Group is envisaged to grow to become a combination of enterprises which still operates "multi-locally", but which is unified to a larger degree than at present by a common, more powerful integrated operational system, common initiatives and a common enterprise culture with strong values. These common factors are to lead to Allianz Group being much more valuable than the sum of its parts and, thereby, to increase long-term competitive strength and value.

In this respect, Allianz has already introduced an internal capital market and uses a dividend model in which earning at least the capital costs is a precondition for the group companies to be allocated further capital. This is being accompanied by group-wide management guidelines and common incentive systems.

However, the consistent implementation of the aforementioned objectives and programs is currently still compromised by the group structure which is a result of acquisitions. Legal structures and organisational structures as well as group interests and the interests of the individual group companies are often in conflict. This makes the management of Allianz Group and the establishment of stringent processes more difficult.

In order to achieve a consistent implementation of these objectives and programs, a reorganisation is required of both the group structure and the management and organisational structures.

3. Principal Reasons for the Merger

a) Overview

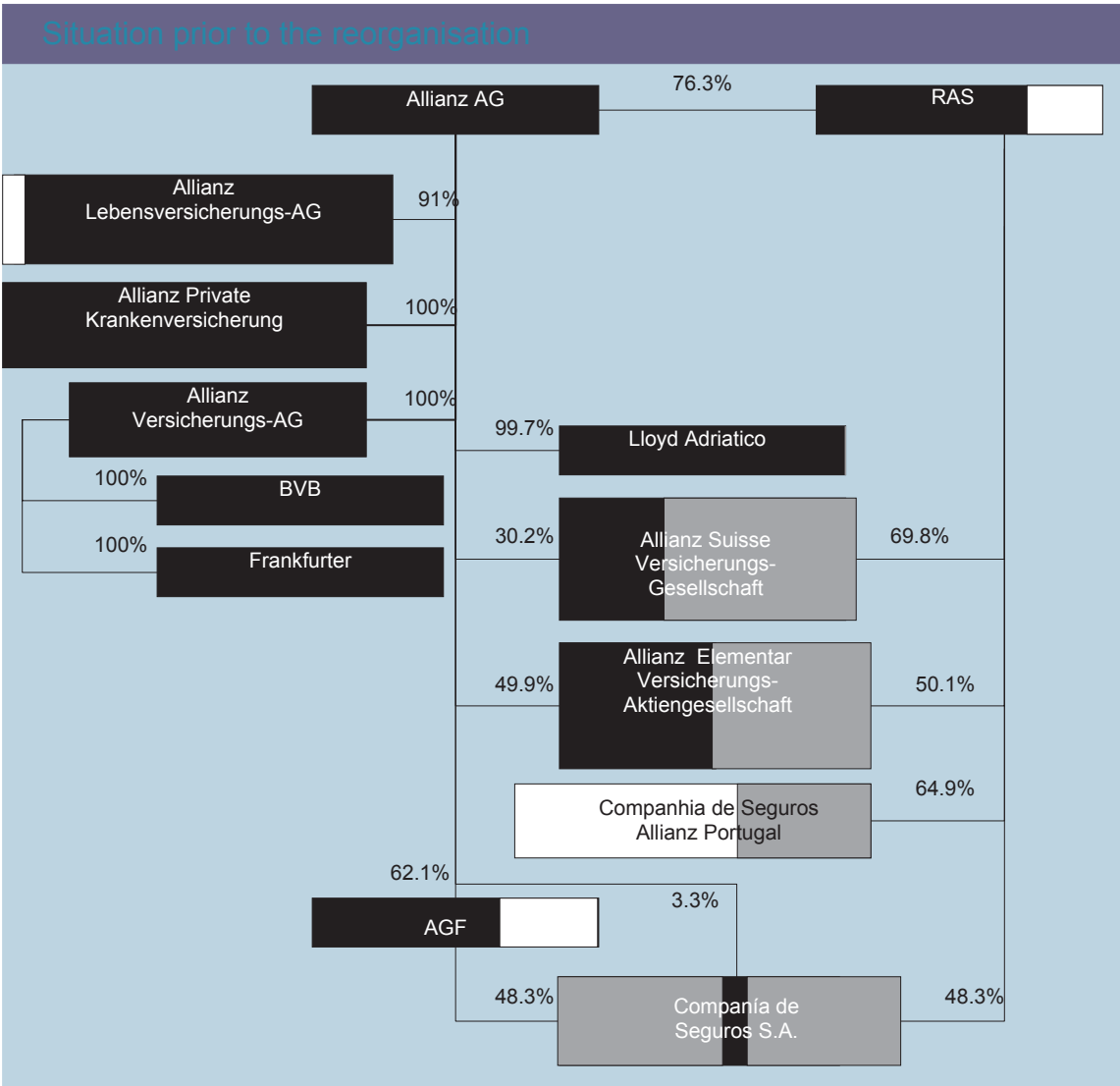
The merger serves the reorganisation of the group structure and of management and organisational structures; in this respect, the group structures in Italy, Spain, Austria, Switzerland and Portugal are reorganised. The merger consistently implements the aforementioned objectives and programs.

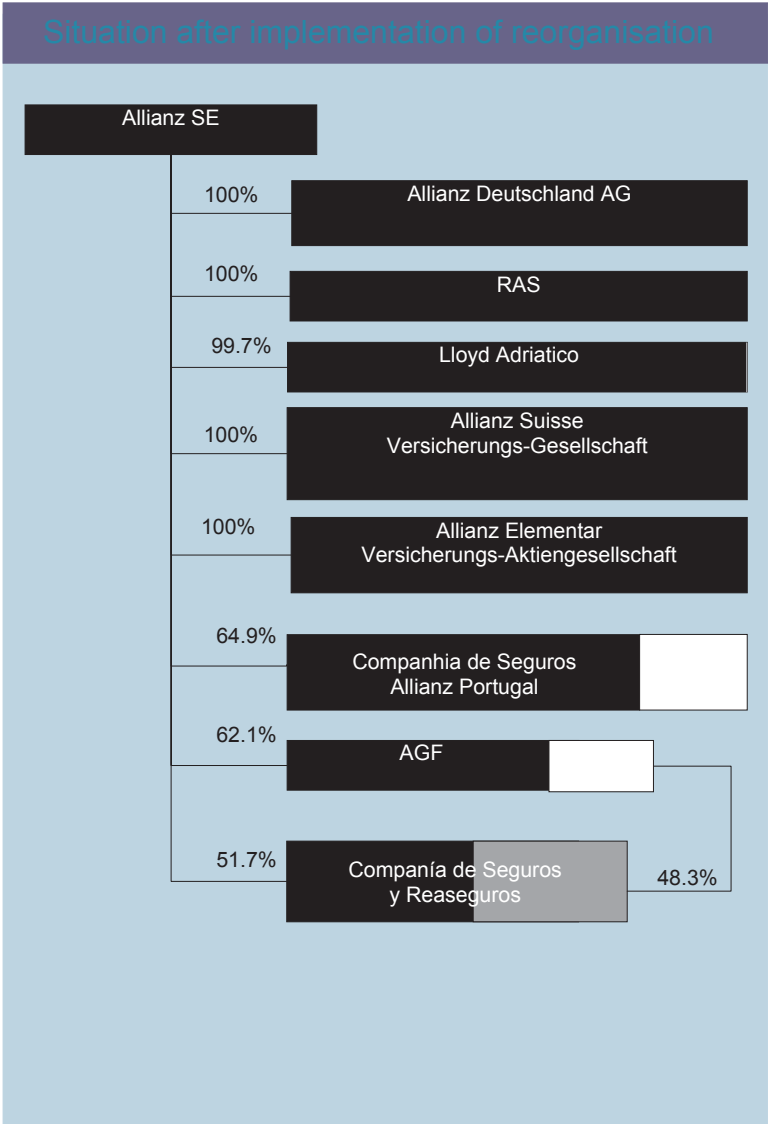
The merger thus offers the opportunity to focus the group structure as well as the management and organisational structures of Allianz with regard to these countries. Besides, the merger will increase the capital efficiency and lead to operational and strategic synergies.

b) Reorganisation of Group Structure

As a consequence of the intended merger of RAS into Allianz, RAS will be 100 % part of the Allianz Group. In addition, after the implementation of the merger, the non-life and life insurance companies in Switzerland (Allianz Suisse Versicherungsgesellschaft and Allianz Suisse Lebensversicherungsgesellschaft) and in Austria (Allianz Elementar Versicherungs-AG and Allianz Elementar Lebensversicherungs-AG), the interests in which are presently held jointly by Allianz and RAS (majority held by RAS), will be held with 100 % by Allianz through holding companies. Further, after the implementation of the merger, the entire participation in the Portuguese insurance company Companhia de Seguros Allianz Portugal S.A. will be held by Allianz and, finally, the majority in the Spanish insurance activities (Allianz Compañía de Seguros y Reaseguros S.A.) will be held by Allianz.

The charts below show, in a simplified manner, the structure of Allianz Group prior to the merger and after the implementation of the merger and taking into account the reorganisation of the German business under the future Allianz Deutschland AG.





c) More Efficient Management and Organisational Structures

The reorganisation of the group structure is the foundation for a more efficient management and organisational structure of Allianz Group and the precondition for the integration of RAS and the other subsidiaries affected by the merger in Austria, Switzerland, Spain and Portugal.

The implementation of the group-wide objectives and programs on the basis of "3+One" (*Sustainability, Customer Focus*) can be achieved more consistently and more efficiently after the implementation of the merger and will lead to an increase in profitability. However, also in pursuit of these objectives and programs, it is important that the Italian identity of RAS and its local presence can be maintained and further developed. The merger is thus essential for the strengthening of the market position of Allianz Group in Germany, in Italy and overall in its home market Europe.

In addition, the equity basis of Allianz Group is being strengthened, because minority interests are being transformed into core shareholders' equity. The reallocation of the European insurance subsidiaries of RAS to Allianz facilitates a more efficient capital and liquidity management within Allianz Group and, from an administrative point of view, leads to significantly simplified accounting and reporting processes.

Finally, the conversion into a European Company (SE) facilitates a more efficient structure of the parameters of the board of management and of the supervisory board of the future Allianz SE, which fits better with the international presence of the Allianz Group.

4. Alternatives for a Combination Without a Merger

With regard to the corporate law structure of the takeover of RAS by Allianz, in addition to the cross-border merger with the simultaneous change of the legal form of Allianz into a European Company (SE), the board of management of Allianz has also considered other alternatives, but has ultimately rejected these as not being advantageous.

a) Takeover Offer and Squeeze-Out

It would have been conceivable to merely submit a takeover offer (without a subsequent merger of RAS into Allianz) to the outside shareholders of RAS with a subsequent squeeze-out.

As there is no guarantee with takeover offers, even if a high premium is being paid, that an acceptance quota of 98 % of the share capital (which is the necessary threshold under Italian law for a squeeze-out) can be reached. The option of a takeover offer (without merger of RAS into Allianz) was also discarded, because the entrepreneurial objective of Allianz is a 100 % shareholding of Allianz in RAS.

**b) Takeover Offer and Conclusion of a Domination Agreement
(*Beherrschungsvertrag*)**

In the case of a lower acceptance quota of the takeover offer below the squeeze-out threshold, the conclusion of a cross-border domination agreement (*Beherrschungsvertrag*) could have been considered. However, an Italian company cannot be controlled in the same manner as it is permissible under German law by means of a domination agreement pursuant to Section 291 para. 1 AktG. In addition, RAS would have continued to be a listed company with outside shareholders.

c) Merger

It follows from the considerations above that, eventually, only a transaction structure using a merger would enable to achieve the objective of a full take-over of RAS.

In principle, European law, by way of the SE Regulation, opens the possibility to conduct cross-border mergers of corporations. By contrast, according to the prevailing opinion a cross-border merger – maintaining the legal form of a German stock corporation (*Aktiengesellschaft*) – was not possible for Allianz on the basis of the provisions of the German Transformation Act (*Umwandlungsgesetz*). According to a judgment of the European Court of Justice (ECJ) from mid December 2005, the different treatment of national and cross-border mergers violates the freedom of establishment guaranteed in the Treaty on the European Union. Under this judgment the German legislator is obliged to adapt the German Transformation Act in a way that allows cross-border mergers in the future. Also the Directive 2005/56/EC of the European Parliament and the Council of October 26, 2005 ("**Merger Directive**"), that opens the possibility of cross-border mergers, still needs to be implemented into national German law, which is to be expected by the end of 2007.

Therefore, as regards the merger of RAS only a merger according to the SE Regulation, resulting in the change of legal form of Allianz into an SE, is currently available. Allianz has used this option because Allianz, in the interest of the company, wanted to achieve the take-over of RAS without delay, and also because the change of legal form into an SE enables an efficient corporate governance structure.

Theoretically, it would have been conceivable, by using the SE Regulation, to merge Allianz into RAS. The registered office of Allianz would have had to be transferred to Italy. Each Allianz shareholder would thus, in principle, have been entitled to a cash exit right with regard to his shares (*cf.* Section 7 para. 1 SE Implementation Act). In view of the uncertainty of how many shareholders would have accepted such offer, this alternative would not have been acceptable for Allianz and for RAS. In addition, the tax structure would also have been considerably more difficult and economically inefficient; in particular because of the fact that this would have triggered land transfer tax to an economically unjustifiable extent.

In addition, pursuant to the SE Regulation, a merger of RAS and Allianz into a NewCo with its registered office in Germany would have been conceivable. This structure, a multiple merger (so-called *Stern-Verschmelzung*), would not only have been more complex, but because of the stock exchange listings alone which would have been required for the NewCo as legal successor of Allianz, it would also have

been significantly more expensive. Finally, this alternative, too, would have been much more complicated and economically inefficient and would have led, *inter alia*, to a land transfer tax burden of an economically unjustifiable extent.

5. Costs of the Combination

According to the current estimate of the Allianz board of management the overall costs of the merger will be approx. EUR 95 million. This estimate includes, in particular, the costs for preparatory steps, for the share-exchange trustee and for the implementation of the share exchange, the costs of the merger audit by the Allianz Merger Auditor and the RAS Merger Auditor, as well as the cost of the required publication and of the registrations, the costs of external advisors, the costs of the notarisation of the agreement, the costs for the holding of the extraordinary general meeting of Allianz and the extraordinary shareholders' meetings in RAS, the (estimated, if any) costs for the preparation of listing prospectuses for the admission to trading of the new Allianz shares to be issued in the course of the merger as well as the costs for the conduct of the procedure for the involvement of employees.

IV. Implementation of the Merger

1. Merger by Acquisition with Adoption of the Legal Form of an SE

The takeover of RAS shall be implemented by means of a cross-border merger by acquisition without liquidation of RAS into Allianz pursuant to the provisions of the SE Regulation.

The SE Regulation which came into force on October 8, 2004 enables cross-border mergers within Europe. Pursuant to the SE Regulation, a European Company (*Societas Europaea* – SE) can be formed by way of a merger of two or more stock corporations which have been formed under the law of a member state and whose registered offices and head offices are located within the European Community, provided that at least two companies are governed by the law of the different member states. These requirements are being met by Allianz and RAS; both companies are stock corporations under the law by which they are governed (Germany and Italy, respectively) and their registered offices and head offices are located in different member states of the EU, namely in Germany and in Italy, respectively.

In the course of the merger, all assets and liabilities of RAS will be transferred to Allianz, *i.e.* a transfer of all assets, liabilities, rights and obligations of RAS to Allianz. Upon the registration of the merger in the commercial register at the registered office of Allianz the merger will become effective. The shareholders of RAS will become shareholders of Allianz; to the extent that Allianz or RAS hold RAS shares prior to the effectiveness of the merger, no new shares will be granted. RAS will cease to exist upon effectiveness of the merger and Allianz adopts the legal form of a European Company (SE). The SE is being formed by means of a merger (*cf.* Title II Section 2 of the SE Regulation).

The details of the merger are stipulated in the merger plan of December 16, 2005, which is described in more detail in chapter VI.1.

2. Major Steps of the Merger

The major steps for the merger of RAS into Allianz with a simultaneous change of the legal form of Allianz into a European Company (SE) are the preparation of a joint merger plan by Allianz and RAS (*see a*)), the extraordinary general meeting of Allianz and the extraordinary shareholders' meetings of RAS, namely the extraordinary shareholders' meeting of the RAS ordinary shareholders and the extraordinary shareholders' meeting of the RAS savings shareholders, which have to approve the merger plan (*see b*)), the conduct of the procedure for the involvement of employees in the future Allianz SE (*see c*)) as well as the effectiveness of the merger and, as a consequence, by operation of law, the conversion of Allianz AG into a European Company (SE) by virtue of the registration in the commercial register at the registered office of Allianz (*see d*)).

a) Merger Plan

The legal basis for the merger by way of acquisition is the joint merger plan of Allianz and RAS, which, after completion of the business valuations for the

determination of the share-exchange ratio, was notarised by the board of management of Allianz and the board of directors (*Consiglio di Amministrazione*) of RAS on December 16, 2005. Prior to that the supervisory board of Allianz had approved the proposal of Allianz's board of management to submit the merger plan to the extraordinary general meeting of Allianz on February 8, 2006 for its approval. The board of directors (*Consiglio di Amministrazione*) of RAS has approved the merger plan on December 16, 2005.

The merger plan is commented on in more detail in chapter VI.1 of this report.

The merger plan, in particular the fair share-exchange ratio determined therein, has been audited by the Allianz Merger Auditor and the RAS Merger Auditor. The audit reports of the Allianz Merger Auditor and the RAS Merger Auditor will be available for inspection in the offices of Allianz from the date of the calling of the general meeting of Allianz and a copy will be transmitted, upon request, to each shareholder without undue delay and free of cost.

b) Extraordinary General Meeting of Allianz and Extraordinary Shareholders' Meetings of RAS

For its effectiveness, the merger plan requires the approval by the general meeting of Allianz and the shareholders' meetings of the holders of RAS ordinary shares and the holders of RAS savings shares.

The extraordinary general meeting of Allianz to which – upon the proposal of the board of management and the supervisory board – the merger plan will be submitted for approval, will be held on February 8, 2006. Besides the approval to the merger plan, it is proposed to the extraordinary general meeting to resolve, *inter alia*, on a capital increase for the implementation of the merger. The new shares will be issued in the course of the merger into Allianz to the outside shareholders of RAS who are participating in the merger as consideration (*cf.* item 2 of the agenda of the extraordinary general meeting of Allianz on February 8, 2006, as well as the comment on Section 7 of the merger plan in chapter VI.1.g)).

Five days prior to the extraordinary general meeting of Allianz, on February 3, 2006, the extraordinary shareholders' meeting of the holders of RAS ordinary shares as well as an extraordinary shareholders' meeting of the holders of RAS savings shares will be held, to whom the merger plan will also be submitted for approval.

The passing of a resolution by the holders of RAS savings shares is required since, in the course of the merger, the RAS savings shares will be exchanged for Allianz SE ordinary shares. This resolution requires a majority of the votes cast in this shareholders' meeting, provided that this majority represents, at the same time, at least 20 % of all RAS savings shares outstanding.

In principle, it would have been conceivable not to resolve on the merger at the beginning of February 2006 in an extraordinary general meeting of Allianz and extraordinary shareholders' meetings of RAS, but in the course of the ordinary general meeting of Allianz in May 2006 and, respectively, the ordinary shareholders' meeting of RAS and an extraordinary shareholders' meeting of the RAS savings shareholders

in April 2006. This would at least in part have saved the costs incurred because of the extraordinary general and extraordinary shareholders' meetings and for the preparation of interim financial statements. However, due to the nature of the transaction, it was not possible to wait until the date of the ordinary general or ordinary shareholders' meetings. Because of the provisions of U.S. capital markets laws, a so-called F-4 report (*Form F-4 Registration Statement under the Securities Act of 1933*) had to be prepared and filed for review, in due time (several weeks) before convening the shareholders' meeting, with the U.S. Securities and Exchange Commission (SEC) in connection with the transaction. Since the F-4 report always refers to the latest available annual report of Allianz, but the data from the annual financial statements of one year can only be used until March 31 of the following year, it was necessary to schedule the overall transaction in the way it was eventually scheduled. Because of this F-4 report, and with regard to the described financial calendar, it is generally not possible to deal with such a transaction in the course of the ordinary general or ordinary shareholders' meetings.

c) Conduct of the Procedure for the Involvement of Employees in the Future Allianz SE

In order to protect the acquired rights of the employees of Allianz and RAS regarding their involvement in the decision-making process of their respective enterprises, in the course of the merger and the formation of Allianz SE connected therewith, a procedure for determining arrangements regarding the involvement of the employees in the future Allianz SE is to be conducted. The objective is the conclusion of an agreement regarding the involvement of employees in the SE, *i.e.*, in particular, regarding the participation of the employees in the supervisory board of Allianz SE and the procedure for the information and consultation of employees either by establishment of an SE Works Council or in another way to be agreed upon with the board of management of Allianz and the board of directors of RAS. The procedure for determining the involvement of employees is characterised by the principle of protection of the rights acquired by the employees of the enterprises involved in the formation of the SE, *i.e.* Allianz and RAS.

The details of this procedure are described in Section 12 of the merger plan and are commented on in chapter VI.1.1).

d) Registration of the Merger and Conversion into Allianz SE

Subsequent to the approval by the general meeting of Allianz and shareholders' meetings of RAS (*see b*)) the merger is to be filed for registration with the company register of RAS (*Registro delle Imprese*) in Milan and with the commercial register of Allianz in Munich.

(aa) Filing and Registration in the Company Register of RAS

In Italy, the merger resolutions adopted by the shareholders' meetings of RAS and Allianz have to be filed by a notary public with the company register of RAS (*Registro delle Imprese*) within 30 days of the adoption of the resolution by the RAS shareholders' meetings. With the registration of the resolutions in the company register of RAS (*Registro delle Imprese*), a 15 day period commences for the

exercising of the cash exit rights of the RAS shareholders (*see* below IV.3.c)). With the registration of the resolutions, a 60 day objection period commences for the creditors of RAS during which the merger resolutions may not be implemented.

No earlier than after the expiry of the 60 day objection period for the creditors of RAS, a notarial merger deed (*Atto di Fusione*) is being executed. This deed is being drawn up jointly by the representative bodies of RAS and Allianz on the basis of the adopted merger plan and documents the merger-related implementation of the resolutions adopted by RAS and Allianz.

(bb) Filing and Registration of the Capital Increase in the Commercial Register of Allianz

In order to implement the merger with RAS, Allianz increases its capital and conducts the registration procedure required in this regard (*cf.* item 2 on the agenda for the extraordinary general meeting of Allianz on February 8, 2006, as well as the comment to Section 7 of the merger plan in chapter VI.1.g)). The capital increase resolution of the general meeting of Allianz as well as the implementation of the capital increase are to be filed for registration with the commercial register of Allianz after the adoption of respective resolutions by the general meeting of Allianz – and after the adoption of respective resolutions regarding the merger by the shareholders' meetings of RAS. The registration of the capital increase has to occur before the registration of the merger.

(cc) Establishment of the First Supervisory Board of the Future Allianz SE and Appointment of the First Board of Management

By virtue of the merger, Allianz SE is being established. Therefore, the office of the current members of the management and supervisory boards of Allianz ends upon the effectiveness of the merger. In the same way, the office of the members of the board of directors of RAS ends, since the latter ceases to exist.

The first supervisory board of the future Allianz SE is composed of shareholder representatives who are being appointed in the statutes of Allianz SE (*cf.* Art. 40 para. 2 sentence 2 SE Regulation and Section 6 para. 2 sentence 1 of the statutes of Allianz SE as well as the related comments in chapter VI.2.f)). Since the employee representatives are elected upon proposal of the employees by the (first ordinary) general meeting of Allianz SE in the same way as shareholder representatives, the employee representatives in this first supervisory board of Allianz SE will be appointed by the court after the effectiveness of the merger until the first ordinary general meeting of Allianz SE.

The first supervisory board of the future Allianz SE appoints the members of the board of management of Allianz SE already prior to the effectiveness of the merger (Art. 39 para. 2 sentence 1 SE Regulation).

(dd) Filing and Registration of the Merger in the Commercial Register of Allianz

The merger of RAS into Allianz needs to be filed for registration with the commercial register at the registered office of Allianz in Munich. Upon registration of the SE in the competent commercial register of Allianz the merger and the simultaneous formation of the SE become effective.

The filing is to be made by the representative bodies of Allianz and – since the merger leads to the formation of an SE – also by the members of the future supervisory and management bodies of Allianz SE (Art. 15, 18 SE Regulation, Section 3 SE Implementation Act, Section 16 UmwG, Section 36 AktG). In connection with the filing, the representative bodies have to declare that an action against the validity of the merger resolution has not been filed or has not been filed within the applicable period or that such action has been finally dismissed or withdrawn. Without such declaration the merger may not be registered (blockade of the register, so-called *Registersperre*).

In the case of an action against the validity of the merger resolution of the general meeting of Allianz a clearance procedure (*Unbedenklichkeitsverfahren*) pursuant to Section 16 para. 3 UmwG may be conducted. This way, upon an application by Allianz, the blockade of the register may be overcome if the action filed is inadmissible or evidently unfounded or if, in the opinion of the court in consideration of the gravity of the violations of law alleged in the action, an early effectiveness of the merger appears to have priority in order to avert the material disadvantages, to be shown by Allianz, for the companies involved in the merger and their shareholders (*cf.* Section 16 para. 3 sentence 2 UmwG).

Furthermore, an SE may only be registered in the commercial register and thereby be established, if the procedure regarding the involvement of the employees has been completed (*cf.* Section 12 of the merger plan and the related comments in chapter VI.1.1)). This is the case if either an agreement regarding the involvement of the employees has been concluded, or if the Special Negotiating Body as representative body of the employees has decided not to enter into negotiations for this purpose or to break off the negotiations under way, or if the period in time stipulated for such negotiations has expired without an agreement having been concluded (Art. 12 para. 2 SE Regulation). An agreement will be negotiated only after the resolution of the general meeting of Allianz on February 8, 2006 on the basis of the merger plan. The due completion of the procedure for the involvement of employees is examined by the registration court at the registered office of Allianz (*cf.* Art. 26 para. 3 SE Regulation).

The statutes of the future Allianz SE must not conflict at any time with the arrangements for employee involvement which have been so determined (Art. 12 para. 4 SE Regulation). In case of a conflict, the statutes must be adopted by resolution of the general meeting. Since the statutes are part of the merger plan, it is to be expected that additionally a change of the statutes would also require resolutions of the shareholders' meetings of the RAS ordinary shareholders and the RAS savings shareholders.

In case there is no agreement on the involvement of the employees and provided that the Special Negotiating Body does not resolve not to take up negotiations and does not resolve to break off negotiations, the statutory fall-back solution would apply. The statutes of the future Allianz SE already provide for a composition of the supervisory board including employee representatives, which corresponds to the statutory fall-back solution (Section 35 para. 2 SE Employee Participation Act), so that in this case the statutes would not need to be amended.

For the registration of the merger in the commercial register at the registered office of Allianz, a two-level conformity analysis is to be conducted (Art. 25, 26 SE Regulation). For this purpose, the competent court, notary public or other authority competent in each relevant member state, here in Germany and in Italy, has to issue a certificate conclusively attesting to the completion of the pre-merger acts and formalities. In this regard, in Italy, a conformity certificate issued by a notary public is required, in Germany, the conformity analysis is conducted by the local court of Munich (*Amtsgericht München*) as the registration court competent for Allianz in the course of the registration procedure (Section 4 SE Implementation Act).

If all registration requirements have been met, the merger is to be registered in the commercial register at the registered office of Allianz. Upon the registration of the SE the merger and the simultaneous formation of the SE become effective (*cf.* Art. 27 SE Regulation). All assets and liabilities of RAS are being transferred to Allianz, the outside shareholders of RAS who participate in the merger become shareholders of Allianz, RAS ceases to exist and Allianz adopts the legal form of an SE (*cf.* Art. 29 para. 1 SE Regulation).

e) Delivery of the Allianz SE Shares to the Shareholders of RAS

Immediately after the registration of the completion of the capital increase in the course of the merger (*cf.* agenda item 2 of the extraordinary general meeting of Allianz on February 8, 2006) in the commercial register at the registered office of Allianz the shares will be handed over to the trustee subject to the instruction to deliver them, upon the effectiveness of the merger, to the outside RAS shareholders participating in the merger concurrently against (*Zug-um-Zug*) the transfer of their RAS shares.

Upon the registration of the merger the outside RAS shareholders participating in the merger become shareholders of Allianz SE. However, since the shares are registered shares with restricted transferability, they may only fully exercise their membership rights after their entry in the share register of Allianz SE. Allianz SE is under an obligation to enter the outside RAS shareholders participating in the merger in the share register of Allianz SE with the Allianz shares granted to them in the course of the merger.

With regard to the listing of the new Allianz shares to be issued in the course of the merger on various stock exchanges *see* chapter VII.

3. Preparatory and Accompanying Measures in Connection with the Merger

a) Transfer of RAS Shares within Allianz Group

On September 30, 2005, Allianz has acquired from its wholly-owned indirect subsidiary, the intermediate holding company ACIF (Allianz Compagnia Italiana Finanziamenti S.p.A.), all 372,438,983 RAS ordinary shares held by ACIF at the time at a price of EUR 17.609 per ordinary share. By this acquisition it can be avoided that Allianz shares have to be granted to ACIF in exchange for its RAS shares in the course of the merger. Since these shares would be held by a subsidiary company of Allianz, they would have to be treated as treasury shares of Allianz.

b) Hive-Down of the Business of RAS

The merger of RAS into Allianz necessitates a hive-down of the business of RAS in order to ensure that Allianz SE will continue to exercise – with the exception of the reinsurance business – its holding function, also after the implementation of the merger.

Currently, in addition to its function as a holding company for operational insurance companies of Allianz Group outside Italy (in particular through RAS INTERNATIONAL N.V.), RAS is itself engaged operationally as a primary insurer in the Italian insurance business. Without a prior hive-down, the operational Italian insurance business of RAS would be transferred to Allianz in the course of the merger. Besides, the hive-down in connection with the merger ensures the seamless continuation of the insurance policies of the Italian insurance customers of RAS in Italy. Finally, the hive-down is necessary in order to facilitate maintaining and further developing of the Italian identity of the RAS business.

For the purpose of the implementation of the hive-down, in October 2005 RAS has set up RAS Italia S.p.A., which is to change its company name into RAS S.p.A. after the hive-down has become effective. Accordingly RAS will change its corporate name without change of its legal identity upon the resolution of the shareholders' meeting of the holders of RAS ordinary shares on February 3, 2006. On November 14, 2005, the board of directors of RAS has approved the hive-down of the entire business, including the operational Italian insurance business of RAS. The hive-down does not extend to the participation held in RAS INTERNATIONAL N.V., Amsterdam, the minority interests held in Koç Allianz Sigorta A.S., Istanbul, Koç Allianz Hayat ve Emeklilik A.S., Istanbul, and Companhia de Seguros Allianz Portugal S.A., Lisbon. In addition, various tax claims and liabilities, various assets and liabilities pertaining to administrative functions and approx. 60 employees remain with the RAS. The hive-down is supposed to be implemented by the contribution of this business into RAS Italia S.p.A. taking effect as of January 1, 2006, or at a later point in time, but prior to effectiveness of the merger, and subject to the approval of the holders of RAS ordinary shares. The contribution is made by means of granting of shares of RAS Italia S.p.A. to RAS. An audit of the contribution was made by Mazars as the auditor appointed by the court.

Finally, the hive-down requires approval by the Italian regulatory authority for insurance companies, ISVAP (*Istituto per la Vigilanza sulle Assicurazioni Private e di Interesse Collettivo*), as well as by the Italian regulatory authority for pension funds, COVIP (*Commissione di Vigilanze sui Fondi Pensione*).

Since the hive-down results in a change of the corporate purpose of RAS (transformation into a mere holding company), the extraordinary shareholders' meeting of the holders of RAS ordinary shares on February 3, 2006, has to resolve on the change of the statutory corporate purpose effected by the hive-down with a majority of two thirds of the voting capital represented in the meeting. In addition, the change of the corporate purpose from an operational to a holding company leads to a cash exit right of the RAS shareholders (*cf. c*)).

c) Cash Exit Right of the RAS Shareholders

Those holders of RAS ordinary shares and RAS savings shares, who are not taking part in the adoption of the resolutions of the extraordinary shareholders' meetings of RAS regarding the merger and the alteration of the corporate purpose in connection with the hive-down (with regard to the extent and the details of the hive-down *see b)*) or who are voting against these, are entitled to a cash exit right pursuant to Art. 2437 para. 1 lit. a), c) and g) of the Italian Civil Code (*Codice Civile*).

For all RAS shareholders, the cash exit right follows, on the one hand, from the transfer to Germany of the RAS' registered office effected in the course of the merger and, on the other hand, from the change of RAS' corporate purpose in connection with the hive-down of its business (*see b)*). For the holders of RAS savings shares, a cash exit right also results from the fact that in the course of the merger their shares are exchanged for ordinary shares of Allianz SE.

Pursuant to Art. 2437-*ter* of the Italian Civil Code (*Codice Civile*) the amount of the cash exit right is determined as the average of the closing prices of the shares on the Italian stock exchange during the six months period preceding the publication of the notices calling the extraordinary shareholders' meetings of the RAS shareholders. These notices were published on September 27, 2005, with the consequence that the cash exit amount determined on this basis by reference to the average closing prices is EUR 16.72 per RAS ordinary share and EUR 24.24 per RAS savings share. Those RAS shareholders who have exercised their cash exit right and have received the cash exit amount are not entitled to receive any further dividend payments from RAS.

Those RAS ordinary shares and RAS savings shares, with regard to which the cash exit right was exercised, are to be offered by RAS to the remaining RAS shareholders (including Allianz as RAS shareholder) for acquisition. The remaining RAS shareholders have a claim for the purchase of these RAS shares in proportion to their respective participation in RAS. Allianz will acquire the RAS shares offered to it and, in addition, will also acquire those shares which are not being purchased by the other remaining RAS shareholders. With regard to this procedure *see also Annex II no. 10.(d)* of the merger plan.

d) Voluntary Tender Offer and Related Acquisitions

In addition to the cash exit right of the RAS shareholders (*see above c)*), Allianz has submitted to the RAS shareholders, upon announcement of the transaction, a voluntary tender offer with regard to all ordinary shares and savings shares of RAS it did not already own, namely for an offer price amounting to EUR 19.00 per RAS ordinary share and EUR 26.50 per RAS savings share. The voluntary tender offer was submitted to give the RAS shareholders the possibility to immediately liquidate their shares prior to the merger. Since Allianz did not hold any RAS savings shares at the time of the announcement of the transaction, Allianz had an interest to achieve a sufficient majority in the shareholders' meetings of the holders of the RAS savings shares, by means of purchase of RAS savings shares and by means of the voluntary tender offer. Thus, Allianz purchased, already prior to the publication of the tender offer document (*Angebotsunterlage*), 506,901 RAS savings shares out of the merely 1,340,010 issued RAS savings shares (37.8 % of the RAS savings shares) at a

purchase price of EUR 55.00 per share. The price for the RAS savings shares amounting to EUR 55.00 which exceeds the offer price of EUR 26.50 that was originally announced, has to be considered in the light of the extent of the acquisitions on the one hand and in the light of the low liquidity of the RAS savings shares on the other hand.

As a result of these acquisitions at a price of EUR 55.00 per RAS savings share, the offer price per RAS savings share in the voluntary tender offer did not amount to EUR 26.50 as indicated in the announcement of September 11, 2005, but to EUR 55.00.

In the course of the voluntary tender offer from October 20, 2005 until November 23, 2005, Allianz has acquired a total of 139,719,262 RAS ordinary shares and 328,867 RAS savings shares. In addition, Allianz acquired 625,921 RAS savings shares outside the tender offer (506,901 thereof prior to the beginning of the offer period).

Therefore, after the completion of the voluntary tender offer Allianz now holds a total of 512,158,245 RAS ordinary shares (representing approx. 76.3 % of the RAS ordinary shares) and 954,788 RAS savings shares (representing approx. 71.3 % of the RAS savings shares).

V. Accounting, Corporate Law and Tax Effects of the Merger

1. Accounting Effects

a) Qualifications Regarding Forward-Looking Statements

To the extent that forecasts or expectations or statements relating to the future are being expressed in this merger report, these forecasts, expectations and statements may be subject to known and unknown risks and uncertainties. Actual results and developments may therefore deviate significantly from the forecasts, expectations and statements. In addition to other reasons not mentioned here, deviations may result from changes of the general economic situation and the competitive situation, particularly in the core business areas and markets of Allianz, from acquisitions and the subsequent integration of enterprises as well as from reorganisation measures. In addition, deviations may result from the extent or frequency of insured events, lapse rates, mortality and incidence rates or tendencies and, in particular in the banking business, from the default rate of borrowers. The developments of the financial markets and of exchange rates as well as changes of applicable national and international laws, in particular with regard to tax provisions, may be of influence. Terrorist attacks and their consequences can increase the probability and the extent of deviations. Allianz assumes no obligation to update forward-looking statements.

b) Forecasted Group Earnings for the Financial Year 2005 not Considering the Effects from the Voluntary Tender Offer and the Merger

For the purpose of forecasting earnings, Allianz Group uses the rolling forecast method ("**Rolling Forecast**"). The basic principle of Rolling Forecast is that the current annual development is being extrapolated, *i.e.* it is assumed that the remaining period in time until year-end will develop in the same manner as the period already elapsed, for which actual data exists.

Recognised special effects, such as particularly high and unusual losses, are not extrapolated, but neutralised and treated so that they affect the earnings exactly once.

Envisaged measures which are expected with sufficient certainty to occur during the rest of the year are being taken into account.

Current income from capital investments, with the exception of dividends, is being extrapolated. Realised gains and losses from capital investments as well as impairments on investments are projected with the amount of the expected income and expenditures.

With regard to taxes, at first the actual taxation situation is used as a basis for the development of the financial year up-to-date. Taxes for the not-yet-available earnings before taxes are calculated on the basis of the expected tax rate and are added to the actual amount of taxes so far accrued for the financial year.

Minority interests in earnings are determined in a way analogous to the determination of taxes. The actual data for minority interests for the financial year up-to-date is being increased by the product of the not-yet-available earnings after taxes and the minority rate adjusted for one-time effects.

The following table sets forth the Rolling Forecast for key earnings indicators of Allianz Group based on an extrapolation of the first ten months of the financial year 2005 to December 31, 2005 and consequently an interest of Allianz in RAS amounting to 55.4 %.

(EUR mn.)	Property/ Casualty	Life/Health	Banking	Asset Management	Consolidation	Allianz Group
Operating revenues	43,226	30,169	6,157	2,665	–	82,217
Operating expenses	-37,110	-28,067	-5,286	-1,609	–	-72,072
Other revenues/ expenses	-1,970	-581	–	–	–	-2,551
Operating profit	4,146	1,521	871	1,056	–	7,594
Net income	3,465	1,327	987	224	-1,663	4,340

However, it cannot be excluded that natural disasters, disadvantageous developments in the capital markets or other factors mentioned in the reservation made for forward-looking statements (*see a*)) may have a significant negative influence on the earnings.

c) Unaudited Pro-Forma Forecasted Consolidated Balance Sheet as per December 31, 2005, and Unaudited Pro-Forma Forecasted Consolidated Income Statement from January 1 through December 31, 2005 of Allianz SE

The following statements show the accounting effects of the voluntary tender offer and of the merger transaction on the IFRS consolidated financial statements of Allianz Group in a pro-forma forecasted consolidated balance sheet as of December 31, 2005, and a pro-forma forecasted consolidated income statement from January 1 through December 31, 2005 of Allianz SE.

At the point in time of the preparation of this merger report, the financial year 2005 of Allianz has not yet been concluded. As a consequence, the audited and certified consolidated financial statement as of December 31, 2005, of Allianz cannot yet be available. Therefore, a forecasted consolidated balance sheet and a forecasted consolidated income statement of Allianz as per December 31, 2005, are being used for the presentation of the effects of the voluntary tender offer and the merger. The latter are based on the interim consolidated balance sheets and interim consolidated income statements of Allianz from the interim financial statements of Allianz as per September 30, 2005. Because of the estimates and assumptions underlying the forecasted consolidated balance sheet and the forecasted consolidated income statement as per December 31, 2005, the actual data in the consolidated balance sheet and consolidated income statement as per December 31, 2005 may deviate from the data in the forecasted consolidated balance sheets and forecasted consolidated income statements.

The forecasted consolidated income statement as per December 31, 2005 was prepared on the basis of the interim consolidated income statements as per September 30, 2005, and including the monthly financial statements for October 2005 by application of the extrapolation method (Rolling Forecast) described in more detail in paragraph b).

The Rolling Forecast is only being prepared for the consolidated income statement, but not for the consolidated financial statements. For this reason, the forecasted consolidated balance sheet was only adjusted with regard to the expected periodic net income and the respective minority interests in earnings for the fourth quarter 2005 in a total amount of EUR 1,084 million. In this regard, the assumption was made that the net income (including minority interests) for the fourth quarter 2005 will only affect cash equivalents and shareholders' equity.

In addition, the forecasted consolidated balance sheet and the forecasted consolidated income statement take into account the capital increase in the fourth quarter 2005 of EUR 119 million, which was related to the issuance of shares to employees of Allianz Group in November 2005.

The consolidated interim balance sheet as per September 30, 2005, and the consolidated income statement for the period from January 1 until September 30, 2005, which are included here, were prepared on the basis of Section 315a HGB in accordance with the IFRS, as adopted by the EU.

Until January 1, 2005, the IFRS did not contain provisions for the presentation of insurance-related agreements in financial statements; therefore, in accordance with the IFRS Framework, the provisions of the U.S. Generally Accepted Accounting Principles (US GAAP) were applied in this regard.

(EUR mn.)	Interim consolidated balance sheet Allianz AG Sept. 30, 2005	Assumed effects from Rolling Forecast, capital increase for employee shares	Forecasted consolidated balance sheet Allianz AG Dec. 31, 2005	Effects from the results of the voluntary tender offer and the merger							Pro-forma forecasted consolidated balance sheet Allianz SE Dec. 31, 2005
				Purchase offer for RAS minority interests	Capital increase for share exchange of remaining minority	Consolidation RAS after acquisition of all minorities	5.0 % hybrid capital replaces equity linked loan	Adjustment minority interests in RAS earnings	Adjustment RAS dividend	Adjustment taxes	
Assets											
Intangible assets	15,465		15,465								15,465
Investments in associated enterprises and joint ventures	3,470		3,470	2,734	3,166	-5,900					3,470
Investments	276,177		276,177								276,177
Loans and advances to banks	150,048		150,048								150,048
Loans and advances to customers	193,179		193,179								193,179
Recognised financial assets designated at fair value	235,097		235,097								235,097
Cash and cash equivalents	24,093	1,203	25,296	-2,734			-120		99		22,541
Amounts ceded to reinsurers from insurance reserves	23,533		23,533								23,533
Deferred tax assets	15,242		15,242								15,242
Other assets	52,894		52,894								52,894
Total assets	989,198	1,203	990,401	0	3,166	-5,900	-120	0	99	0	987,646
Equity and liabilities											
Shareholders' equity	39,818	951	40,769		3,166	-2,877	46	84	99	17	41,212
Minority interests in equity	8,770	252	9,022			-3,023		-84			5,915
Participation certificates and subordinated liabilities	14,547		14,547				1,050				15,597
Reserves for insurance and investment contracts	356,489		356,489								356,489
Liabilities to banks	147,998		147,998				-1,124				146,874
Liabilities to customers	159,907		159,907								159,907
Certificated liabilities	58,645		58,645								58,645
Recognised financial liabilities designated at fair value	141,085		141,085								141,085
Other accrued liabilities	13,797		13,797								13,797
Other liabilities	29,154		29,154							-17	29,137
Deferred tax liabilities	15,544		15,544								15,544
Deferred income	3,444		3,444								3,444
Total equity and liabilities	989,198	1,203	990,401	0	3,166	-5,900	0	0	99	0	987,646

In the third quarter 2005, financing transactions in an amount of approximately EUR 2.2 billion were implemented in order to finance the voluntary tender offer for the acquisition of all ordinary shares and savings shares of RAS which were not yet held by Allianz Group. Of this amount, approx. EUR 1.1 billion came from a capital increase out of authorised capital with an exclusion of the subscription rights of the shareholders; another approx. EUR 1.1 billion were generated by means of an equity-linked loan, the repayment amount of which is linked to the market price development of the Allianz share and, as result, is flexible. This loan can be repaid – at the choice of Allianz Group – by means of either 10.7 million Allianz shares or the respective equivalent value in cash. The final financing structure of the RAS transaction provides, amongst others, that this loan will be repaid in cash and subordinate hybrid capital will be raised. The following unaudited pro-forma calculations take this into account.

(EUR mn.)	Consolidated income statement Allianz AG Jan. 1 – Sept. 30, 2005	Rolling Forecast	Forecasted consolidated income statement Allianz AG Jan. 1 – Dec. 31, 2005	Effects from the results of the voluntary tender offer and the merger			Pro-forma forecasted consolidated income statement Allianz SE Jan. 1 – Dec. 31, 2005
				5.0 % hybrid capital replaces equity linked loan	Adjustment minority interests in RAS earnings	Adjustment taxes	
Premiums earned (net)	42,292	14,288	56,580				56,580
Interest and similar income	16,597	4,248	20,845				20,845
Income (net) from investments in associated enterprises and joint ventures	962	46	1,008				1,008
Other income from investments	3,487	1,233	4,720				4,720
Income (net) from recognised financial assets and liabilities designated at fair value	1,099	-83	1,016				1,016
Fee and commission income, and income from service activities	5,989	771	6,760				6,760
Other income	1,679	9	1,688				1,688
Total income	72,105	20,512	92,617				92,617
Benefits from insurance and investment contracts (net)	-40,194	-12,447	-52,641				-52,641
Interest and similar expenses	-4,700	-693	-5,393	-46			-5,439
Other expenses from investments	-925	-564	-1,489				-1,489
Loan loss provisions	88	-38	50				50
Acquisition costs and administrative expenses (net)	-17,598	-5,019	-22,617				-22,617
Amortisation of goodwill	-	-	-				0
Other expenses	-2,707	-118	-2,824				-2,824
Total expenses	-66,036	-18,879	-84,915	-46			-84,961
Earnings from ordinary activities	6,069	1,633	7,702	-46			7,656
Taxes	-1,541	-549	-2,090			17	-2,073
Minority interests in earnings	-1,020	-252	-1,273		370		-903
Periodic net income (loss)	3,508	832	4,340	-46	370	17	4,681

In addition the pro-forma forecasted consolidated balance sheet as per December 31, 2005, and the pro-forma forecasted consolidated income statement from January 1 through December 31, 2005, of Allianz SE take into account, in particular, the RAS ordinary shares and RAS savings shares acquired between October 20 and November 23, 2005, in the course of the voluntary tender offer submitted by Allianz to the minority shareholders of RAS (as well as the additional RAS savings shares acquired) as well as the share-exchange ratio of three Allianz shares for 19 RAS savings shares, respectively, ordinary shares in connection with the capital increase to be conducted in the course of the merger for the acquisition of the outside RAS shares participating in the merger. Furthermore, the following comments are to be made with regard to the pro-forma calculations:²

(aa) Voluntary Tender Offer for RAS Minority Interests

In the course of the voluntary tender offer, Allianz has acquired 139,719,262 ordinary shares and 328,867 savings shares of RAS. Thus, the acceptance quota for the tender offer was approx. 47.0 %. In addition, Allianz acquired 625,921 RAS savings shares outside the voluntary tender offer. As of the date of this merger report Allianz held approx. 76.3 % of all 672,227,004 RAS shares issued. 159,113,971 shares, representing approx. 23.7 % of the share capital of RAS, are being held by minority shareholders.

The entire acquisition costs for the acquisitions in connection with the voluntary tender offer and the acquisitions outside the voluntary tender offer amounted to approx. EUR 2,734 million (thereof EUR 2,673 million were paid as purchase price within the voluntary tender offer, approx. EUR 34.4 million as purchase price for the RAS savings shares acquired outside the voluntary tender offer and the remainder was paid as ancillary acquisition costs). The investments of Allianz in its subsidiary RAS increase by this amount in the pro-forma consolidated balance sheet. The cash reserve and cash equivalents are reduced by the same amount.

(bb) Capital Increase in the Course of the Merger

The 159,113,971 RAS shares which at the time of the preparation of this merger report are still remaining with outside RAS shareholders, will be exchanged for Allianz shares in the course of the capital increase for the merger. For the purpose of pro-forma accounting it is being assumed that the cash exit right will not be exercised.

The determined share-exchange ratio is three Allianz shares for 19 RAS savings shares, respectively, ordinary shares. For the purpose of preparing the pro-forma forecasted consolidated balance sheet the market price of the Allianz share was assumed to be EUR 126.00; this assumed market price of the Allianz share corresponds approx. to the market price during the first two weeks of December 2005. On the basis of an assumed market price of the Allianz share of EUR 126.00, there would be a capital increase corresponding to the acquisition price for the outside RAS shares in the amount of EUR 3,166 million (159,113,971 RAS shares x 3/19 Allianz shares for one RAS share multiplied by EUR 126.00, assumed market price of the Allianz share).

²It is possible that some of the pro-forma data presented in the following cannot be exactly recalculated because of roundings.

Based on the assumptions set forth above, Allianz estimates the total acquisition cost for the approx. 44.6 % outside RAS shares to be approx. EUR 5,900 million.

(cc) Consolidation RAS After Acquisition of all Minority Interests

In the pro-forma forecasted consolidated balance sheet the acquisition of the RAS shares is included with a total acquisition cost of EUR 5,900 million. The exact amount of the purchase price depends on the market price of the Allianz share at the point in time of the exchange. Since this market price is not yet available at the time of the preparation of this merger report, the actual purchase price may deviate from the purchase price included in the pro-forma forecasted consolidated balance sheet presented here. In addition, for purposes of the pro-forma accounting, it is assumed that the cash exit right will not be exercised.

The shareholders' equity of RAS Group (without minority interests) as calculated by Allianz amounted to EUR 6,819 million as of September 30, 2005. As of this date, Allianz held approx. 55.7 % (taking into account treasury shares of RAS) of the share capital of RAS and 55.4 % not taking into account treasury shares of RAS. In the context of the transaction, the treasury shares of RAS were qualified as minority interests to which the voluntary tender offer was addressed; thus, the relevant participation of Allianz amounted to 55.4 %. Accordingly, minority interests in the shareholders' equity amounted to EUR 3,023 million. After the merger of RAS into Allianz the minority interests in the consolidated equity of Allianz are reduced.

On the basis of an assumed total purchase price for the RAS shares of EUR 5,900 million there is a positive difference (*goodwill*) of EUR 2,877 million (EUR 5,900 million assumed total purchase price minus EUR 3,023 million minority interests in equity as of September 30, 2005). Since Allianz Group has adopted, effective January 1, 2005, the concept of "*pure equity transaction*" for its consolidated financial statements, this positive difference is being recorded in shareholders' equity and not recognised in net income (with regard to this alteration of the accounting and valuation principles *see* chapter II.1.c)(gg)).

(dd) Repayment of the Equity-Linked Loan in Cash and Issuing of a Subordinated Bond

In connection with the acquisition of the RAS shares, Allianz has taken out a so-called equity-linked loan in the amount of approx. EUR 1.1 billion at an interest rate of 1.0 %. It is repayable by means of 10.7 million Allianz shares or the respective corresponding value in cash. For the purpose of the pro-forma calculation it is being assumed that the equity-linked loan will be repaid in cash. It is further assumed that Allianz will take out hybrid capital in the amount of EUR 1,000 million. Accordingly, there is an increase of subordinated liabilities in the pro-forma forecasted consolidated balance sheet by EUR 1,050 million (EUR 1,000 million issuance amount hybrid capital plus 5.0 % interest for 12 months).

From the interest expenses arising from the hybrid capital the interest expenses in the amount of EUR 4 million for the equity-linked loan included in the third quarter 2005 and in the Rolling Forecast have to be deducted for the purpose of the pro-forma forecasted consolidated income statement, in order to avoid a double counting of interest expenses.

(ee) Adjustment of Minority Interests in RAS Earnings

In the pro-forma calculations the minority interests in earnings are to be adjusted in a way as if Allianz was holding 100 % of the outstanding RAS capital already since January 1, 2005.

The shareholders' equity of RAS as of September 30, 2005 includes its periodic net income for the first nine months 2005 of EUR 646 million. The relevant adjustment of the respective minority interests for the purpose of the pro-forma forecasted consolidated balance sheet as per December 31, 2005 has already been taken into account under paragraph (cc); in addition, the minority interests in earnings attributable to the forecasted periodic net income of RAS for the fourth quarter 2005 in the amount of EUR 189 million (EUR 84 million) are to be taken into account.

For the purpose of the pro-forma forecasted consolidated income statement the adjustment of minority interests in earnings is being made in one step.

(ff) Adjustment RAS Dividend

Dividends distributed by RAS in 2005 are being attributed to Allianz with 100 % in the pro-forma calculation. In the financial year 2005, RAS distributed dividends of EUR 537 million, EUR 298 million of which were paid to Allianz. Accordingly, the pro-forma calculations contain an additional dividend income of EUR 239 million.

In addition, the pro-forma calculations take into account that the RAS minority shareholders remaining after the tender offer will receive a dividend for the financial year 2005 in the amount of EUR 0.88 per share. With 159,113,971 outside RAS shares there is an additional cash outflow of EUR 140 million.

Thus, on balance, the pro-forma calculations include an alteration of cash and cash equivalents and of shareholders' equity of EUR 99 million.

(gg) Adjustment Taxes

As a consequence of the adjustments regarding interest expenses and dividends in the pro-forma calculations, taxes also have to be adjusted. On the whole, there is a tax reduction of EUR 17 million in the pro-forma calculations which, accordingly, leads to an increase of the periodic net income and thereby shareholders' equity. The other liabilities are reduced by the same amount in the pro-forma forecasted consolidated balance sheet.

d) Unaudited Pro-Forma Forecasted Balance Sheet as per December 31, 2005, and Unaudited Pro-Forma Forecasted Income Statement from January 1 through December 31, 2005 of Allianz SE

In the following, the accounting effects of the voluntary tender offer and of the merger on the individual financial statements of Allianz SE which are to be prepared in accordance with the German Commercial Code (*Handelsgesetzbuch* – HGB) are being described; for this purpose, a pro-forma forecasted balance sheet (abbreviated by a grouping of positions) as per December 31, 2005, and a pro-forma income statement (abbreviated by a grouping of positions) from January 1 through December 31, 2005 of Allianz SE.

At the point in time of the preparation of this merger report, the financial year 2005 of Allianz has not yet been concluded. As a consequence, the audited and certified financial statement as of December 31, 2005 of Allianz cannot yet be available. Therefore, a forecasted balance sheet and a forecasted income statement of Allianz as per December 31, 2005, are being used for the presentation of the effects of the voluntary tender offer and the merger. The latter are based on the interim balance sheet and interim income statement of Allianz from the interim financial statements of Allianz as per September 30, 2005.

The forecasted balance sheet and the forecasted income statement as per December 31, 2005, were prepared on the basis of the interim balance sheet and the interim income statement as per September 30, 2005, by means of projections based on estimates and assumptions. The actual data in the balance sheet and income statement as per December 31, 2005, may deviate from the data in the forecasted balance sheet and forecasted income statement as per December 31, 2005.

On September 30, 2005, Allianz has acquired from its indirect wholly-owned subsidiary, intermediate holding company ACIF (Allianz Compagnia Italiana Finanziamenti S.p.A.), all 372,438,983 RAS ordinary shares held by ACIF at that time at a purchase price of EUR 17.609 per ordinary share (*see* also chapter IV.3.a)). This acquisition is included in the interim financial statements of Allianz as per September 30, 2005.

With regard to the acceptance quota of the voluntary tender offer, the share-exchange ratio for Allianz shares and RAS shares in connection with the acquisition of the outside RAS shares remaining after the completion of the voluntary tender offer in the course of the merger as well as with regard to the financing structure, the following pro-forma forecasted balance sheet and pro-forma forecasted income statement use the same parameters and assumptions, respectively, as the consolidated pro-forma calculations presented in paragraph c).

(EUR mn.)	Interim balance sheet Allianz AG Sept. 30, 2005	Forecasted balance sheet Allianz AG Dec. 31, 2005	Effects from the results of the voluntary tender offer and the merger		Pro-forma forecasted balance sheet Allianz SE Dec. 31, 2005
			Complete acquisition of RAS shares and financing	Merger RAS into Allianz AG	
Assets					
Intangible assets	5	5			5
Investments	79,192	79,214	2,916	620	82,750
Loans and advances	1,764	3,649	-236		3,413
Other assets	496	496			496
Prepaid expenses	266	265			265
Total assets	81,723	83,629	2,680	620	86,929
Equity and Liabilities					
Shareholders' equity	28,176	30,111	2,754	611	33,476
Participation certificates	442	442			442
Subordinated liabilities	6,586	6,586	1,050		7,636
Insurance reserves	11,425	11,217			11,217
Other accrued liabilities	4,324	4,323		8	4,332
Funds held under reinsurance business ceded	1,165	1,165			1,165
Other liabilities	29,604	29,784	-1,124		28,660
Prepaid expenses	1	1			1
Total equity and liabilities	81,723	83,629	2,680	620	86,929

(EUR mn.)	Interim	Forecasted	Effects from the results		Pro-forma
	income statement Allianz AG Jan. 1 – Sept. 30, 2005	income statement Allianz AG Jan. 1 – Dec. 31, 2005	of the voluntary tender offer and the merger		forecasted income statement Allianz SE Jan. 1 – Dec. 31, 2005
			Complete acquisition of RAS shares and financing	Merger RAS into Allianz AG	
Underwriting result (for own account)	-56	-85			-85
Non-underwriting result (for own account)	182	1,441	-277	619	1,783
Earnings from ordinary activities	126	1,356	-277	619	1,698
Net income (loss)	66	1,882	-272	612	2,222

In addition, the following comments are to be made with regard to the pro-forma forecasted balance sheet as per December 31, 2005, and the pro-forma forecasted income statement from January 1 to December 31, 2005 of Allianz SE.³

(aa) Complete Acquisition of RAS Shares and Financing

In the course of the voluntary tender offer, Allianz has acquired 139,719,262 ordinary shares and 328,867 savings shares of RAS. In addition, Allianz has acquired 625,921 RAS savings shares outside the voluntary tender offer. As of the date of this merger report, Allianz held approx. 76.3 % of all 672,227,004 outstanding shares of RAS. 159,113,971 shares, representing approx. 23.7 % of the share capital of RAS, were being held by minority shareholders.

The entire acquisition costs for the acquisitions related to the voluntary tender offer and the acquisitions outside the tender offer amounted to EUR 2,734 million (including recognised ancillary acquisition costs).

The 159,113,971 RAS shares which at the time of the preparation of this merger report are still held by minority shareholders, will be exchanged for Allianz shares in the course of a capital increase. For the shares of the pro-forma calculations a capital increase in the amount of EUR 3,166 million is assumed. With regard to the determination of the amount of the required capital increase *see* paragraph c)(bb).

In total Allianz estimates that the total acquisition costs for the 44.6 % outside RAS shares amounts to EUR 5,900 million.

In connection with the acquisition of the RAS shares, Allianz has taken out a equity-linked loan in an amount approx. of EUR 1.1 billion at an interest rate of 1.0 %; it is repayable in 10.7 million Allianz shares or the respective corresponding value in cash. It is assumed with regard to the final financing structure of the RAS transaction, that this loan will be repaid in cash. In addition, it is assumed that Allianz will raise subordinate hybrid capital in an amount of EUR 1,000 million at an interest rate of 5.0 %. Thus, there is an increase of subordinated liabilities in the pro-forma calculations by EUR 1,050 million (EUR 1,000 million issuance amount hybrid capital plus 5.0 % interest for 12 months).

³It is possible that some of the pro-forma data presented in the following cannot be exactly recalculated because of roundings.

The effects on earnings resulting from the equity-linked loan are taken into account in the pro-forma calculations. In particular, the interest expenses for this loan were deducted from the interests expenses for the hybrid capital, in order to avoid a double counting of interest expenses.

Dividends distributed by RAS in 2005 are being attributed to Allianz with 100 % in the pro-forma calculation. In addition, the pro-forma calculations take into account that it has been agreed to pay to the RAS minority shareholders remaining after the tender offer a dividend for the financial year 2005 in the amount of EUR 0.88 per share. The 159,113,971 outside RAS shares result in an additional cash outlay amounting to EUR 140 million.

As a consequence of the adjustments regarding interest expenses and dividends in the pro-forma calculations, taxes also have to be adjusted. In particular the total increase of the investments in the pro-forma forecasted balance sheet amounts to EUR 2,916 million. This includes essentially the total acquisition costs of the outside RAS shares (approx. 44.6 %, EUR 5,900 million), as well as of the cash outlay for the acquisitions of RAS shares (EUR 2,734 million) and of the dividend payments to the minority shareholders remaining after the conclusion of the tender offer (EUR 140 million).

With regard to the shareholders' equity the effects are composed as follows: on the one hand there is the capital increase in connection with the merger (EUR 3,166 million), on the other hand there are the dividend payments to the minority shareholders of RAS (EUR 140 million) as well as the effects on the net income resulting from the full acquisition of the RAS shares and from the financing (EUR 272 million).

(bb) Merger RAS into Allianz

Prior to the merger of RAS into Allianz, there will be a hive-down of the business of RAS to its subsidiary RAS Italia S.p.A. (*see* chapter IV.3.b)); with regard to tax this hive-down is conducted in principle at book value. A merger-related loss of profit is not expected.

2. Corporate Law Effects

a) Legal Effects of the Merger

The merger and the simultaneous formation of the SE become effective with the registration of Allianz SE in the commercial register at the registered office of Allianz. Pursuant to Art. 29 para. 1 SE Regulation, the effectiveness of the merger has the following legal effects:

- All assets and liabilities of RAS are being transferred to Allianz. Corresponding amendments of public registers (*e.g.* land register, register of patents and trademarks) have to be initiated; however, in general, these are of merely declaratory relevance.
- RAS ceases to exist as a separate legal entity.

- The outside shareholders of RAS participating in the merger become shareholders of Allianz SE in accordance with the determined exchange ratio. Each RAS shareholder entitled to a share exchange receives three Allianz shares for 19 RAS ordinary shares and, likewise three Allianz shares for 19 RAS savings shares.
- Allianz adopts the legal form of a European Company (SE).

For accounting purposes, the acquisition of the assets of RAS takes effect at the beginning of January 1 of such year in which the merger becomes effective upon registration in the commercial register at the registered office of Allianz (so-called merger effective date). Since the board of management of Allianz expects that the registration will take place at the latest in the autumn of 2006, the merger effective date will probably be the beginning of January 1, 2006. As of this point in time, all actions and transactions of RAS and Allianz will be treated for accounting purposes as having been conducted on behalf of Allianz SE. In the event that the merger effective date should be postponed, the same were to apply accordingly with regard to all actions undertaken by RAS as of January 1 of such year in which the merger becomes effective. For more details regarding the merger effective date *see* the comments on the merger plan in chapter VI.1.b).

b) Dividend Entitlements

The Allianz SE shares to be granted to the RAS shareholders participating in the merger in exchange for their RAS shares are entitled to share in profits from January 1, 2006, provided that there is no postponement of the commencement of the dividend entitlement pursuant to Section 6.2 in connection with Section 2.2 of the merger plan. The merger will only take effect after the payment of dividends, if any, to the shareholders of Allianz and RAS for the financial year 2005 (*see* Section 2.3 of the merger plan and the comments thereon in chapter VI.1.b)). This ensures that the dividend entitlement as per January 1, 2006, is synchronised with the merger effective date which was determined to be the beginning of January 1, 2006. In the event of delays (*see* Section 2 of the merger plan and the related comments in chapter VI.1.b)) both the commencement of the dividend entitlement and the merger effective date are being postponed accordingly.

c) Changes in the Legal Position of the Allianz Shareholders

In general, the merger and the formation of the SE do not affect the legal position of the Allianz shareholders under corporate law. The Allianz share continues to be a registered share which may only be transferred with the approval of the company, as is presently the case pursuant to the articles of association of Allianz (*see* Section 2 para. 2 of the articles of association of Allianz and Section 2 para. 2 of the statutes of the future Allianz SE). The stock exchange listing of the Allianz share is being maintained (*see* chapter VII.1).

In connection with the revision of the articles of association, it is also intended to make use of the option to limit the right of the shareholders to ask questions and make statements in the general meeting (*see* Section 13 para. 3 of the statutes of Allianz SE and the related comments in chapter VI.2.m)). This proposal follows the amendments

made to the German Stock Corporation Act by the Corporate Integrity and Modernisation of the Law of Contestation Act (*Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts – UMAG*), which entered into force on November 1, 2005.

d) Shareholder Structure of Allianz SE After Implementation of the Merger

The total of the Allianz SE shares to be granted in the course of the merger as consideration to the outside RAS shareholders participating in the merger only accounts for up to 5.83 % of the share capital, taking into account the capital increase, of Allianz SE. The exact amount depends on how many RAS shareholders exercise their cash exit rights (*see* chapter IV.3.c)). Therefore, the merger does not lead to any significant changes in the shareholder structure of Allianz or of the future Allianz SE.

On the basis of the information presently available to the board of management of Allianz, it is to be expected that there will be no shareholder of the future Allianz SE who reaches or exceeds the notification threshold of 5 % pursuant to Sections 21, 22 WpHG.

e) Effects on the Stock Option Plans of RAS

On the basis of a stock option plan, executives of RAS have been granted stock options in February 2005 which carry the right to acquire RAS ordinary shares. Since RAS ceases to exist as a consequence of the merger, these option rights for shares of RAS are no longer exercisable after the merger has become effective. Therefore, in accordance with Art. 18 SE Regulation in connection with Section 23 UmwG, Allianz grants to these holders of option rights respective rights for shares of Allianz. The relevant provisions are contained in Section 9.2 of the merger plan. Reference is made to the related comments in chapter VI.1.i)(bb).

3. Tax Effects

This paragraph contains a brief summary of a number of important German and Italian taxation principles which are relevant or might be relevant for the shareholders of Allianz in connection with the merger of RAS into Allianz. This is not a comprehensive and complete description of all tax aspects which might be relevant for the shareholders of Allianz. This summary is based on the national German and Italian tax law in force at the time of the preparation of this merger report as well as on the provisions of those double taxation conventions currently existing between the Federal Republic of Germany and other countries. In both areas, the provisions might change – possibly even with retrospective effect.

It is therefore recommended that the shareholders of Allianz consult their tax advisors with regard to the tax consequences of the merger, the acquisition, holding and transfer of shares and the procedures to be observed thereby. These advisors are able to duly consider the special circumstances as to taxation of the individual shareholders.

a) Taxation of the Merger Transaction

Allianz is acting on the assumption that the merger of RAS into Allianz with a simultaneous change of the legal form of Allianz into a European Company (SE) can, in principle, be achieved in a tax neutral manner for both RAS and Allianz.

Allianz assumes that in respect of Allianz as the acquiring legal entity the merger will be treated as a tax neutral event in accordance with the provisions of the merger directive (90/434/EEC of July 23, 1990) and in corresponding application of the provisions for national mergers of the German Transformation Taxation Act (*Umwandlungssteuergesetz*). Since the merger will presumably only take effect in the autumn of 2006, it cannot be excluded, however, that future amendments of laws lead to a taxation. In connection with the merger of RAS into Allianz, there is no capital investment tax payable under German or Italian tax law.

The hive-down of the business of RAS prior to the merger (*see* chapter IV.3.b)) can, in principle, be achieved without a significant earnings tax burden. After the implementation of this hive-down, in addition to its function as a holding company, RAS also conducts other activities for the group, in particular in the areas of "consolidating and reporting" and marketing. After the implementation of the merger, Allianz will continue these activities by means of an Italian establishment.

Since the Allianz shareholders will hold the same shares after the implementation of the merger as prior to its implementation, the merger of RAS into Allianz does not constitute a relevant taxable profit or tax-relevant loss for the existing Allianz shareholders.

b) Taxation of the future Allianz SE and of the Shareholders of the future Allianz SE after the Implementation of the Merger

After the implementation of the cross-border merger there are, in principle, the same continuing tax consequences for Allianz as an SE as for Allianz as a stock corporation prior to the merger. For taxation purposes, the future Allianz SE will be treated as a German corporation and continues, in principle, to be subject with its profits to corporation income tax and trade tax (with regard to trade tax, taxation will be imposed on the basis of the trade income generated by its domestic establishments). With regard to foreign establishments of Allianz, applicable double taxation conventions may lead to an exemption from German taxation.

Future dividend payments of Allianz SE as well as the transfer of Allianz shares have, in principle, the same taxation consequences for the shareholders of Allianz as dividend payments and transfers prior to the merger, unless there is a change of the applicable laws or of the factual circumstances.

VI. Discussion of the Merger Plan and the Statutes of Allianz SE

1. Discussion of the Merger Plan

On December 16, 2005, the merger plan jointly drawn up by Allianz and RAS was notarised. The merger plan requires the approval by the general meeting of Allianz and the shareholders' meetings of the holders of RAS ordinary shares and the holders of RAS savings shares. The merger and the simultaneous formation of the SE become effective upon registration of Allianz SE in the commercial register in Munich competent for Allianz (for further details regarding the procedure *see* chapter IV.2).

The mandatory content of the merger plan follows from Art. 20 para. 1 SE Regulation. Pursuant to Art. 20 para. 2 SE Regulation the merging companies may include further items in the merger plan.

The following comments are made on the merger plan and the stipulations therein:

a) Merger of RAS into Allianz AG (Section 1 of the Merger Plan)

RAS is being merged into Allianz (as acquiring company) by way of merger by acquisition without liquidation in accordance with Art. 17 para. 2 lit. a) SE Regulation. The legal effects of the merger follow from Art. 29 para. 1 SE Regulation. Upon effectiveness of the merger, all assets and liabilities of RAS will be transferred to Allianz (Art. 29 para. 1 lit. a) SE Regulation). By operation of law (Art. 29 para. 1 lit. b) SE Regulation), the outside shareholders of RAS participating in the merger will become shareholders of Allianz SE (*cf.* also the comments on Section 6 of the merger plan). Upon effectiveness of the merger, RAS as a separate legal entity will cease to exist without a liquidation being required (Art. 29 para. 1 lit. c) SE Regulation). Also upon effectiveness of the merger, Allianz will adopt, by operation of law, the legal form of an SE (Art. 29 para. 1 lit. d) SE Regulation).

In case of a merger to form an SE with registered office in Germany, the principles of law on the formation of corporations (*Gründungsrecht*) are applicable (Art. 15 para. 1 SE Regulation, Sections 23 *et seq.* AktG). This applies also to a merger by acquisition – as in the case of the merger of RAS into Allianz – even though this does not lead to the formation of a new company. Art. 26 para. 4 SE Regulation assumes that the formation of an SE fulfils the statutory prerequisites of the country of residence – *i.e.* Germany in case of Allianz – pursuant to Art. 15 para. 1 SE Regulation. However, a formation report (*Gründungsbericht*, Art. 15 para. 1 SE Regulation, Section 32 AktG) and a formation audit (*Gründungsprüfung*, Art. 15 para. 1 SE Regulation, Sections 33, 34 AktG) are not required. This results from the fact that RAS as the transferring entity is a corporation (*Società per Azioni* – S.p.A.; Art. 15 para. 1 SE Regulation, Section 75 para. 2 UmwG). The appointment of the first auditor (Art. 15 para. 1 SE Regulation, Section 30 para. 1 AktG) within the merger plan is not required, because the parties to the formation act in lieu of the general meeting of the future SE, and the general meeting of an insurance company is not in charge of the appointment of the auditor of insurance companies (Section 341 k para. 2 sentence 1 HGB).

The merger of RAS into Allianz is conducted in accordance with the provisions of the SE Regulation in connection with the applicable national provisions which are

transforming Directive 78/855/EEC concerning mergers of public limited liability companies, *i.e.* the German UmwG for Allianz and the respective legal provisions in Italy for RAS (Art. 18, 25 para. 1 SE Regulation).

b) Effectiveness of the Merger, Merger Effective Date (Section 2 of the Merger Plan)

The merger of RAS into Allianz will take effect upon its registration in the commercial register at the registered office of Allianz in Munich (Section 2.1 of the merger plan). The registration is expected to occur, the latest, in the autumn of 2006.

Pursuant to Section 2.2 of the merger plan, for accounting purposes the merger effective date is the beginning of January 1 of such year in which the merger takes effect upon registration in the commercial register of Allianz. Since the board of management of Allianz expects that the registration will take place at the latest in the autumn of 2006, the merger effective date will probably be the beginning of January 1, 2006. As of this point in time, all actions and transactions of RAS and Allianz will be treated for accounting purposes as having been conducted on behalf of Allianz SE. In the event that the merger effective date should be postponed, the same were to apply accordingly with regard to all actions undertaken by RAS after the beginning of January 1 of such year in which the merger becomes effective.

The provision in Section 2.3 ensures that the merger will only be filed for registration with the commercial register at the registered office of Allianz after the dividends for the financial year 2005 of Allianz and RAS, respectively, resolved by the ordinary general meeting of Allianz and the ordinary shareholders' meeting of RAS, respectively, have been paid out to the respective shareholders. In the event that the effectiveness of the merger should be delayed beyond December 31, 2006, and if thus the merger effective date should not be the beginning of January 1, 2006, the same applies accordingly; for example, in the event that the merger should only take effect in the year 2007, the respective shareholders of Allianz and RAS shall be entitled to receive, at first, any dividend payable for the financial year 2006 of Allianz and RAS, and only after this the merger is to become effective. If the merger has already been filed, the board of management of Allianz will ensure this by a corresponding amendment to the filing.

c) European Company (Section 3 of the Merger Plan)

According to Section 3.1, upon registration of the merger in its commercial register Allianz will adopt the legal form of a European Company (SE). Pursuant to Art. 17 para. 2 sentence 2 and Art. 29 para. 1 lit. d) SE Regulation the change of legal form takes effect by operation of law.

Section 3.2 stipulates that the company name of the future SE will be "Allianz SE". This change is mandatory because of the provision in Art. 11 para. 1 SE Regulation, according to which the company name of an SE has to be preceded or followed by the abbreviation "SE".

As stipulated by Section 3.3 of the merger plan, Allianz SE will have its registered office in Munich, as is presently the case with Allianz AG.

Pursuant to Art. 20 para. 1 lit. h) SE Regulation the statutes of the future Allianz SE forms a mandatory part of the merger plan. The statutes are commented in detail in chapter 2 below. At the end of Section 3.4 of the merger plan, it is clarified that after effectiveness of the merger, only the German version of the statutes shall be binding. This results already from the reliance function (*Publizitätsfunktion*) of the commercial register.

Section 3.4 of the merger plan further provides that the amount of the share capital of Allianz SE shall correspond to the amount of the share capital of Allianz AG at the point in time of the change of legal form of Allianz AG into an SE. Further, the amounts of the authorised capitals (Section 2 para. 3 and 4 of the statutes of Allianz SE) shall correspond to the amount of the existing authorised capitals of Allianz AG at the point in time of the change of the legal form (Section 2 para. 3 and 4 of the articles of association of Allianz AG). Finally, it is stipulated that the amount of the conditional capital pursuant to Section 2 para. 5 of the statutes of Allianz SE and the amount of the conditional capital pursuant to Section 2 para. 6 of the statutes of Allianz SE shall correspond to the respective amounts shown in Section 2 para. 5 and Section 2 para. 6 of the articles of association of Allianz AG, whereby Section 2 para. 6 of the articles of association of Allianz AG shall provide for a conditional capital only if the creation of a conditional capital pursuant to the proposal with regard to agenda item 5 of the extraordinary general meeting of Allianz AG on February 8, 2006 in Section 2 para. 6 of the articles of association of Allianz AG has become effective at the time of effectiveness of the merger. For this purpose, the supervisory board of Allianz SE is authorised and instructed to make any adjustments necessary with regard to the draft of the statutes of Allianz SE.

As a consequence of the conversion of Allianz AG into Allianz SE, the legal form is changed, but the legal entity continues to exist (*cf.* Art. 27 para. 1 SE Regulation). Thus, the provision in Section 3.4 creates a synchronisation of the amount of the share capital and of the amounts of the authorised and conditional capitals of Allianz and Allianz SE. At the same time, the proposals submitted to the extraordinary general meeting of Allianz on February 8, 2006, under items 3 to 5 of the agenda, for resolutions regarding the amendment of the authorised capitals as well as the conditional capital with the authorisation for the issuance of convertible and option bonds are being taken into consideration.

Therefore, in the event that the conditional capital proposed to the extraordinary general meeting of Allianz AG on February 8, 2006 under item 5 of the agenda (Conditional Capital 2006) has not been validly created at the point in time of the change of the legal form of Allianz AG into an SE, Section 2 para. 6 of the statutes of Allianz SE is to be deleted.

d) Hive-Down of the Business of RAS to RAS Italia S.p.A. (Section 4 of the Merger Plan)

Section 4.1 of the merger plan provides that prior to the effectiveness of the merger RAS will hive-down its entire business, including the operational Italian insurance business, to RAS Italia S.p.A., a wholly-owned subsidiary of RAS. However, excluded from the hive-down are the interest held in RAS INTERNATIONAL N.V., Amsterdam, the minority participations in Koç Allianz Sigorta A.S., Istanbul, Koç

Allianz Hayat ve Emeklilik A.S., Istanbul, and Companhia de Seguros Allianz Portugal S.A., Lisbon. In addition, various tax claims and tax liabilities, various assets and liabilities pertaining to administrative functions and approx. 60 employees remain with RAS.

As was pointed out above, the hive-down is a key preparatory step for the implementation of the merger of RAS into Allianz, in order to maintain the character of Allianz as a holding company and the Italian identity of the RAS business also after the merger has taken effect, and in order to ensure the seamless continuation of the insurance policies of the Italian insurance customers in Italy (*see* chapter IV.3.b)). Thus, Section 4.2 of the merger plan provides that the merger may only be registered with the commercial register at the registered office of Allianz after the effectiveness of the hive-down. The board of management of Allianz and the board of directors of RAS have to ensure this.

e) Cash Exit Right of the RAS Shareholders (Section 5 of the Merger Plan)

Section 5.1 of the merger plan describes the cash exit right of the holders of RAS ordinary shares and the holders of RAS savings shares, who – subject to certain conditions – may sell their shares prior to the effectiveness of the merger against payment of a cash exit amount (*see* also chapter IV.3.c)). The rationale of the cash exit right is that the RAS shareholders shall not be forced to accept the transfer of the registered office to a country abroad effected by the merger and the alteration of the corporate purpose effected by the hive-down. For the holders of RAS savings shares an additional reason for the cash exit right is that their RAS savings shares will be exchanged for Allianz SE ordinary shares in the course of the merger.

The cash exit amount is determined as the average of the closing prices of the RAS ordinary and savings shares on the Italian stock exchange during the six months preceding the publication of the notices calling the extraordinary shareholders' meetings of the holders of RAS ordinary shares and RAS savings shares, respectively. These notices were published in the Italian *Gazzetta Ufficiale* (Part 2, no. 225), the official Italian publication organ, on September 27, 2005, as well as in Italian national daily newspapers, with the consequence that the cash exit price determined on this basis by reference to the average closing prices is EUR 16.72 per RAS ordinary share and EUR 24.24 per RAS savings share. After exercising the cash exit right and receipt of the cash exit amount, RAS shareholders are no longer entitled to receive any further dividend payments.

The procedure for the implementation of the cash exit requires that those RAS ordinary shares and RAS savings shares with respect to which the cash exit right has been exercised are to be offered for acquisition by RAS to the remaining RAS shareholders (including Allianz as shareholder of RAS) (Section 5.2 of the merger plan). The remaining RAS shareholders have a claim for acquisition of these RAS shares in proportion to their respective participation in RAS. In accordance with its plan to fully take over RAS, Allianz will acquire the RAS shares offered to it and also those shares which are not being acquired by the other remaining RAS shareholders.

f) Consideration/Share-Exchange Ratio in the Course of the Merger (Section 6 of the Merger Plan)

As a consequence of the transfer of all assets and liabilities of RAS by way of merger and upon effectiveness of the merger, the RAS shareholders will receive 3 (three) Allianz SE shares for 19 (nineteen) RAS ordinary shares and 3 (three) Allianz SE shares for 19 (nineteen) RAS savings shares. Because of the prohibition of a capital increase pursuant to Art. 18 SE Regulation in combination with Section 68 para. 1 sentence 1 no. 1 UmwG, Allianz will not receive, in the course of the merger, Allianz shares for those RAS ordinary shares and RAS savings shares held by itself, including shares acquired by Allianz in connection with the cash exit right. The same applies pursuant to Art. 18 SE Regulation in combination with Section 68 para. 1 sentence 1 no. 2 UmwG to RAS with regard to those RAS shares held by RAS itself.

The share-exchange ratio was derived from enterprise valuations conducted for both companies on the basis of the same methods, which were conducted in accordance with the accepted principles for the conduct of enterprise valuations of the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V. - IDW*) (IDW S1, as amended per October 18, 2005). The details are being described in chapter VIII.

Pursuant to the SE Regulation and German law, a right to have the share-exchange ratio reviewed by a court (*Spruchverfahren*) exists neither for the shareholders of Allianz nor for the shareholders of RAS.

Pursuant to Section 6.2 of the merger plan, the Allianz shares to be granted by Allianz are entitled to share in the profits as of the merger effective date, *i.e.* the beginning of January 1, 2006, provided that the merger is registered with the commercial register of Allianz, and thereby becomes effective, before January 1, 2007. In the event that the merger effective date is rescheduled, the entitlement to share the profits is changed. This means that, *e.g.* in the case of a registration of the merger with the commercial register of Allianz in the year 2007, the merger effective date would be the beginning of January 1, 2007. The shares to be granted in this case would be entitled to share the profits as of January 1, 2007. With regard to the merger effective date *see* Section 2.2 of the merger plan and the related comments under b).

Section 6.3 of the merger plan clarifies that except for the Allianz shares there will be no other consideration granted to the shareholders of RAS, in particular, there will be no cash payments.

g) Capital Increase (Section 7 of the Merger Plan)

In order to be able to grant to the RAS shareholders entitled to a share-exchange the consideration provided for in Section 6 of the merger plan, Allianz will increase its share capital by up to EUR 64,315,543.04 by issuance of up to 25,123,259 new registered no-par value shares with restricted transferability with a notional amount of the share capital of Allianz attributable to each share of EUR 2.56 (with regard to the entitlement to share profits *see* Section 6.2 of the merger plan and the related comments under f)). To the extent that at the point in time of the effectiveness of the merger RAS shares are being held by Allianz or by RAS as treasury shares,

respectively, there will be no capital increase (Section 7.2 of the merger plan). In this regard, a capital increase is prohibited by Art. 18 SE Regulation in combination with Section 68 para. 1 sentence 1 no. 1 and 2 UmwG.

The exact number of the new shares to be issued is not yet determined. Depending on the number of RAS shares which Allianz acquires in the course of the cash exit procedure, the number of RAS shares for which new shares in Allianz SE are to be granted in the course of the merger may change accordingly (with regard to the cash exit right *see* Section 5 and Annex II no. 1.(d) of the merger plan and the related comments under e)).

h) Trustee (Section 8 of the Merger Plan)

Deutsche Bank Aktiengesellschaft, Frankfurt/Main, Germany, has accepted to function as the trustee corresponding to Section 71 UmwG for accepting the shares in Allianz SE to be granted by Allianz to the outside RAS shareholders participating in the merger, who are entitled to a share-exchange. Deutsche Bank thereby uses Deutsche Bank S.p.A., Milan, as vicarious agent (*Erfüllungsgehilfe*). Allianz shares which are certified in a global share certificate will be delivered to the trustee without undue delay after registration of the capital increase in the commercial register of Allianz. The trustee is instructed to deliver, after the registration of the merger with the commercial register at the registered office of Allianz AG and after exchange of the shares in Allianz AG into shares of Allianz SE at a ratio of 1:1, to the RAS shareholders the possession (*Besitz*) of the Allianz SE shares, to which they are entitled, concurrently (*Zug um Zug*) against transfer of their RAS shares. The delivery is effected by transfer of possession by respective transfers of entries in the security accounts to which the RAS shares are credited by the central depository agent Monte Titoli S.p.A. by way of collective security deposit credit. The costs for conducting the share exchange shall be borne by Allianz (*cf.* the comments in chapter VII.2.b)).

i) Holders of Special Rights and Holders of Other Securities (Section 9 of the Merger Plan)

Pursuant to Art. 20 para. 1 lit. f) SE Regulation, the merger plan has to contain a stipulation as to which rights will be conferred by the SE on the holders of shares to which special rights are attached and on the holders of securities other than shares, or the measures proposed concerning these persons.

(aa) RAS Savings Shares

Pursuant to Section 6.1 of the merger plan, the holders of savings shares of RAS will be granted ordinary shares of Allianz SE. Thus, holders of non-voting RAS savings shares will receive shares in Allianz SE carrying the right to vote in the course of the merger. Thereby, they will be conferred a right to vote, but no preferential profit distribution as was the case with the RAS savings shares. It is assumed that the intrinsic value of the savings shares is identical with the intrinsic value of the ordinary shares. The lack of voting rights of the savings shares is compensated by the preferential dividend right (*see* chapter VII).

Thus, the issuance of shares of Allianz SE with voting rights is an equivalent compensation for the lack of preferential dividend. As a consequence, the RAS savings shares are exchanged into Allianz shares at the same exchange ratio as the RAS ordinary shares. In addition, so far, Allianz has not issued any preference shares. Since, in addition, Allianz does not receive any shares for the RAS savings shares held by it (*see g*)), and Allianz already holds all RAS savings shares except for 385,222, only a maximum of 385,222 RAS savings shares could participate in the share-exchange. Accordingly, taking into account the determined share-exchange ratio, a maximum of 60,825 preference shares of Allianz would have been issued for the purpose of exchanging RAS savings shares for Allianz preference shares, if Allianz preference shares had been created in the course of the merger. There would be no liquid stock trading with such a small number of preference shares. Besides, in particular in view of the number of preference shares to be issued, the creation of Allianz preference shares would require a disproportionate economic and administrative effort.

(bb) RAS Stock Option Plans

Under an existing stock option plan, the RAS executives mentioned in Section 9.2 of the merger plan have received in February 2005 the number of stock options stated therein which carry the entitlement to acquire the same number of RAS ordinary shares subject to the conditions stated in Section 9.2. In connection with the merger of RAS into a Allianz it had to be ensured that the said executives would be granted equivalent rights (*gleichwertige Rechte*) as compensation for their option rights for RAS shares. In this regard, it also had to be taken into consideration that in Italy stock option plans are eligible for favourable tax treatment. Profits are subject to a tax of only 12.5 %. Therefore, the equivalent rights had to be formed taking into account taxation requirements. In order to achieve this, the beneficiaries were put in a position as if from the outset they had been granted options for Allianz SE shares. The exercise price for one Allianz SE share to be granted instead of RAS shares thus had to be determined by application of the same criteria which were used for determining the exercise price for the RAS shares. Accordingly, the exercise prize was set at the amount of the average stock prices of the Allianz share for the period from December 31, 2004 until January 31, 2005, *i.e.* at an amount of EUR 93.99. In addition, in order to ensure equivalence, the exchange ratio for the determination of the number of Allianz SE shares now to be granted instead of RAS shares upon exercise of the option right, was calculated taking into account also the ratio of values of the RAS shares and the Allianz shares on the basis of the set exercise prices of EUR 17.085 and EUR 93.99. Allianz intends to serve the claims for delivery of shares in Allianz SE out of Allianz treasury shares.

j) Special Advantages (Section 10 of the Merger Plan)

Pursuant to Art. 20 para. 1 lit. g) SE Regulation the merger plan has to stipulate and disclose any special advantage granted to the experts who examine the merger plan or to members of the administrative, management, supervisory or controlling organs of the merging companies, *i.e.* Allianz and RAS. Also the statutory auditors were taken into account.

Except for the special advantages mentioned in Section 9.2 and Section 10.2 and – as a matter of legal precaution – in Sections 10.3 and 10.4 of the merger plan, no special advantages are granted to any of the aforementioned groups of persons or persons belonging to these groups from RAS and Allianz or to their statutory auditors, their merger auditors or other experts.

The managing member (*Amministratore Delegato*) of the board of directors (*Consiglio di Amministrazione*) of RAS, Mr. Paolo Vagnone, and other executives of RAS Group, who are not members of the board of directors of RAS, were granted the right prior to the merger to exercise prematurely – during the tender offer period and not only during the exercise period from February 1, 2006, until January 31, 2011, originally stipulated in the stock option plan – the stock option plans granted in 2004. All beneficiaries have exercised this right, with the consequence that RAS has granted to these beneficiaries a total of 680,000 RAS ordinary shares for an exercise prize of EUR 14.324 per RAS ordinary share. In addition, the managing member (*Amministratore Delegato*) of the board of directors (*Consiglio di Amministrazione*) of RAS, Mr. Paolo Vagnone, and further executives of RAS will receive subscription rights for shares in Allianz SE as beneficiaries of the stock option plan of February 2005. For further details in this regard *see* chapter i)(bb).

As a matter of legal precaution, it has been indicated in Section 10.3 of the merger plan that it is to be expected – notwithstanding the competence of the supervisory board of Allianz under stock corporation law – that the acting members of the board of management of Allianz as of January 1, 2006, will be appointed members of the board of management of Allianz SE. The persons concerned are listed in Section 10.3. In addition, acting members and substitute members of the supervisory board of Allianz out of the circle of the shareholder representatives are to be appointed members or substitute members, respectively, of the supervisory board of Allianz SE. For further details in this regard *see* the comments on Section 6 para. 2 sentence 1 and para. 3 sentence 1 of the statutes of Allianz SE.

Finally, as a matter of legal precaution it is pointed out in Section 10.4 of the merger plan that already prior to the effectiveness of the merger, in the course of the hive-down of the business of RAS, members of the board of directors (*Consiglio di Amministrazione*) of RAS and of the controlling body *Collegio Sindacale* have been appointed members of the board of directors and, respectively, of the controlling body *Collegio Sindacale* of RAS Italia S.p.A. The relevant individuals are listed in Section 10.4.

k) Rights of Creditors and Minority Shareholders (Section 11 and Annex II of the Merger Plan)

Pursuant to Art. 21 SE Regulation, the following particulars are to be published in the national gazette of the respective member state: the type, name and registered office of every merging company; the register in which the documents referred to in Art. 3 para. 2 of Directive 68/151/EEC are filed in respect of each merging company, and the number of the entry in that register; an indication of the arrangements made in accordance with Art. 24 SE Regulation for the exercise of the rights of the creditors of the company in question and the address at which complete information on those arrangements may be obtained free of charge; an indication of the arrangements made

in accordance with Art. 24 SE Regulation for the exercise of the rights of minority shareholders of the company in question and the address at which complete information on those arrangements may be obtained free of charge; and the name and registered office proposed for the SE.

These particulars have to be communicated, pursuant to Section 5 SE Implementation Act, to the court of registration upon the filing of the merger plan. The registration court has to publish these particulars together with the notification required pursuant to Section 61 sentence 2 UmwG regarding the filing of the merger plan with the commercial register.

These particulars are contained in Annex II of the merger plan and are reproduced and commented on in the following:

(aa) Rights of Creditors of Allianz and RAS

(1) Creditors of Allianz

With regard to the creditors of Allianz, Art. 24 SE Regulation in combination with Section 22 UmwG applies, which provides for a right to demand security, if the creditors can show probable cause that the satisfaction of their claim is being put at risk because of the merger.

Pursuant to Section 22 para. 1 UmwG, security has to be provided for the creditors of Allianz, to the extent they cannot demand satisfaction of their claims, provided that they file their claim in writing, stating its legal basis and amount, within six months after the day on which the registration of the merger in the register of the registered office of Allianz is deemed to have been published according to Section 19 para. 3 UmwG. The merger is deemed to have been published with the publication of the registration of the merger in its entirety in the Federal Gazette and in at least one other publication. The publication is deemed to have taken place at the end of the day on which the last of the publications containing the announcement was published.

However, the creditors are entitled to such right only if they demonstrate that the fulfillment of their claim is jeopardized by the merger. The creditors have to be informed of this right in the publication of the respective registration. According to Section 22 para. 2 UmwG, creditors do not have the right to demand security if, in case of an insolvency, they have a right to preferential satisfaction from a fund which has been established for their protection in accordance with statutory law and is supervised by the state. Furthermore, in case of a cross-border merger, as in the present case, creditor protection under Section 22 UmwG in connection with Art. 24 para. 1 SE Regulation is limited to the protection of the creditors of the German company – *i.e.* Allianz. Creditors of RAS are protected by the creditor protection provisions under Italian law.

In respect of bond holders of Allianz (especially creditors of convertible bonds, option bonds and profit bonds) and holders of securities, other than shares, which carry special rights (*e.g.* holders of profit-participation certificates of Allianz) no special measures are provided for. In so far, the aforementioned creditor protection provisions apply.

The special creditor protection rights pursuant to Sections 8, 13 SE Implementation Act are not applicable in the present case, since the registered office of the future SE will, from a German perspective, not be abroad but inland.

(2) Creditors of RAS

Pursuant to Art. 24 SE Regulation in combination with Art. 2503 of the Italian Civil Code (*Codice Civile*), RAS's creditors are entitled to challenge the merger by filing an objection within a 60-day period. After expiry of the 60-day period, filing of an objection is no longer permissible. The effect of an objection is that, for the time being, the merger cannot be implemented. If the objection is not dismissed, the only possible consequence is an order from the court that security be granted. Besides, the company may avert the objection by satisfying the creditor.

(bb) Rights of Minority Shareholders of Allianz and RAS Pursuant to Art. 24 Para. 2 SE Regulation

(1) Allianz

Shareholders of Allianz may file an action for declaration of nullity or an action for contestation with respect to the resolution of the extraordinary general meeting of Allianz AG of February 8, 2006 approving the merger.

The action for declaration of nullity has to be filed within one month of the adoption of the resolution of the general meeting (Section 14 para. 1 UmwG). It may only be based on grounds for nullity specifically provided for in the law (Section 241 AktG). Exclusive jurisdiction lies with the district court Munich I (*Landgericht München I*), Germany, as the district court in the district of which Allianz has its registered office.

An action for contestation, too, has to be instituted within one month of the adoption of a resolution by the general meeting. In general, it can be based upon any violation of the law or the articles of association. Every shareholder who attended the general meeting is entitled to institute an action for avoidance, provided that his declaration of objection to the resolution is recorded in the minutes of the meeting. Shareholders who did not attend the general meeting are only entitled to institute an action for contestation if they were wrongfully denied admission to the general meeting, if notice of the meeting was not properly given, if the subject matter of the resolution was not properly published or if the action for contestation is based on Section 243 para. 2 AktG (pursuit of special advantages). With regard to the action for contestation, exclusive jurisdiction also lies with the district court Munich I (*Landgericht München I*), Germany, as the district court in the district of which Allianz has its registered office.

If, upon an action for contestation or an action for declaration of nullity, the resolution is declared void by a final and binding judgment, such judgment is binding on all shareholders and the members of the board of management and the supervisory board, even if such persons were not parties to the proceedings. There is no room for a declaration of nullity of the resolution of the general meeting if, in the meantime, the resolution has been entered in the commercial register of Allianz because of a clearance procedure (*Freigabeverfahren*) pursuant to Section 16 para. 3 UmwG and if

thereby the merger has become effective. In this case, Allianz would be under an obligation pursuant to Section 16 para. 3 sentence 6 UmwG to compensate the respondent in the clearance procedure with regard to his damages suffered from the registration of the merger made on the basis of the clearance order from the court. The abolition of the effects of the registration of the merger in the commercial register of Allianz cannot be claimed as compensation.

The ending of nullity or contestation proceedings, no matter for which reason, has to be published by Allianz without undue delay in the publication media of the company (Section 248a sentence 1 AktG). The publication of the ending of the proceedings has to include, pursuant to Sections 248a sentence 2, 149 para. 2 and 3 AktG, the way in which the proceedings were ended, all agreements related thereto, including ancillary agreements, with their complete wording as well as the names of the parties involved. Any performance made by Allianz and any performances made by third parties which are attributable to Allianz are to be described separately and specifically indicated. The complete publication is a precondition for the validity of all performance obligations. This does not affect the validity of the procedural acts leading to the ending of proceedings. Performances made in spite of the invalidity of the respective obligations can be reclaimed. The aforementioned provisions apply accordingly with regard to agreements concluded for the avoidance of a lawsuit.

In the present case, shareholders of Allianz do not have a cash exit right. Section 7 SE Implementation Act does provide for such a cash exit right of the shareholders of the transferring company, provided the registered office of the future SE will, from a German perspective, be abroad. However, Section 7 SE Implementation Act does not apply in the present case, since Allianz will be the acquiring company and the registered office of future Allianz SE will be within Germany, *i.e.* the current registered office of Allianz will continue to exist without change.

(2) RAS

On the one hand, minority shareholders of RAS are entitled to the cash exit rights already described (*see e*)).

On the other hand, shareholders of RAS holding, individually or jointly, at least 0.1 % of the share capital represented by ordinary shares may file an action for declaration of nullity against the resolution of the extraordinary shareholders' meeting of the holders of RAS ordinary shares of February 3, 2006. The action for a declaration of nullity can be filed within 90 days as of the date on which the resolution was registered with the company register (*Registro delle Imprese*) in Milan, Italy. Any action for declaration of nullity has to be based on grounds specifically provided for in Italian law. Exclusive jurisdiction lies with the Court of Milan (*Foro di Milano*), which is the court in the district of which RAS has its registered office. RAS shareholders do not have a right to have controlled or amended the share-exchange ratio. If such a right existed, the general meeting of Allianz would need to approve of it (Art. 25 para. 3 SE Regulation).

l) Information on the Procedure for Arrangements for Employee Involvement (Section 12 of the Merger Plan)

Section 12 of the merger plan contains the particulars required pursuant to Art. 20 para. 1 lit. i) SE Regulation regarding the procedure by which the arrangements for employee involvement are determined pursuant to the SE Employee Involvement Directive, the SE Employee Participation Act and the respective national statutes transforming the directive in the other EU member states and the signatory states of the EEA in which the Allianz Group is active (*see also* chapter IV.2.c)). The provision further contains information regarding the effects of the merger on the employees of Allianz Group.

The statements contained in the merger plan and the related comments in this report can only be made from an *ex ante* perspective, because the invitation for the constituent meeting of the Special Negotiating Body which has to conduct the negotiations with the management bodies of the companies involved, *i.e.* Allianz and RAS, may only be issued after the appointment of the members of the Special Negotiating Body, but no later than ten weeks after the initiation of the proceedings by means of the required information. In view of the ten-week-period, this means that the negotiations can begin in mid-March 2006, *i.e.* approximately six weeks after the extraordinary general meeting of Allianz and the extraordinary shareholders' meetings of holders of RAS ordinary shares and RAS savings shares, respectively.

(aa) Basic Principles and Definitions (Section 12.1 of the Merger Plan)

In order to protect the acquired rights of the employees of Allianz and RAS regarding their involvement in the decision-making process of their respective enterprises, in the course of the merger and the formation of an SE a procedure for determining arrangements regarding the involvement of the employees in Allianz SE is to be conducted. The objective is the conclusion of an agreement regarding the involvement of employees in the SE, *i.e.*, in particular, regarding the participation of the employees in the supervisory board of Allianz SE and the procedure for the information and consultation of employees either by establishment of an SE Works Council or in another way to be agreed upon.

Section 12.1 contains an introductory description of the basic principles and relevant definitions in connection with the procedure for the involvement of employees in Allianz SE.

The procedure for the involvement of employees is characterised by the principle of protection of the acquired rights of the employees of the companies involved in the formation of the SE, *i.e.* Allianz and RAS. The extent of the involvement of employees in the SE is being determined by the definitions in Section 2 para. 8 SE Employee Participation Act which, essentially, reflects Art. 2 lit. h) SE Employee Involvement Directive.

- "Involvement of employees" is the collective term for any mechanism – including, in particular, information, consultation and participation – through which employees' representatives may exercise an influence on decisions to be taken within the company.

- "Information" in this context means the informing of the SE Works Council or other employees' representatives by the management of the SE on questions which concern the SE itself and any of its subsidiaries or establishments situated in another member state or which exceed the powers of the decision-making organs in a single member state.
- "Consultation" means, in addition to employees' representatives expressing an opinion on matters relevant for the decision-making process, the exchange of views between employees' representatives and the management and a dialogue with the objective of reaching agreement, however, with the management of the SE remaining free in its decision.
- The most far-reaching influence is conferred by "participation"; the term either refers to the right to appoint or elect members of the supervisory organ or, alternatively, to recommend such members for appointment or to oppose such recommendations made by a third party.

(bb) Current Situation; Effects of the Merger for the Employees (Section 12.2 of the Merger Plan)

Section 12.2 first describes the current situation within Allianz Group, including RAS, with regard to the involvement of employees at the entrepreneurial and operational level (employee representatives on the supervisory board, works council structure). In addition, Section 12.2 contains a description of the effects of the merger for the employees.

(1) Current Situation

As parent company of Allianz Group, Allianz presently has a supervisory board with 20 members which is composed on a parity basis in accordance with the MitbestG 1976. With regard to the ten employee representatives on the supervisory board of Allianz, presently only employees of the group companies working in Germany have the active and passive voting right in accordance with the MitbestG 1976.

Besides, there are additional supervisory boards in other group companies on the basis of the laws applicable in which the employees have participation rights. The highest proportion of employees in the corporate bodies of the participating companies – *i.e.* Allianz and RAS – exists in Allianz. There are no employee representatives on the board of directors of RAS, since this is not provided for in Italian law. At Allianz, there is presently, in addition to the works councils of the individual companies and the company works councils (*Gesamtbetriebsräte*) of the individual German group companies, a group works council (*Konzernbetriebsrat*); all of which are not affected by the formation of the SE. At RAS, there are works councils. In addition, within the Allianz Group a European works council (Allianz Europe Committee – AEC), has been established on the basis of the Agreement on the Cross-National Information and Consultation of Allianz Employees as amended by the 3rd supplement of March 31, 2003, between Allianz and the company works councils of Allianz.

(2) Effects of the Merger for the Employees

For the employees of Allianz Group, in principle there are no changes resulting from the formation of the SE as such. Their employment contracts will be continued as before with the respective group company; in the case of the employees of Allianz, their employment contracts are being continued with Allianz SE without any changes.

The offices of the employee representatives as well as of the shareholder representatives on the supervisory board end upon the effectiveness of the merger and the conversion of Allianz into an SE. The provisions of the MitbestG 1976 regarding the representation of employees on the supervisory board of Allianz will be replaced by the stipulations of the SE Employee Participation Act and its provisions.

For the members of bodies representing employees at the operational level at Allianz and within Allianz Group there will be no changes resulting from the conversion into an SE. The existing works councils, company works councils, economic committees (*Wirtschaftsausschüsse*), the company executive staff representation committee (*Unternehmensausschuss*), the group works council and other bodies representing employees at the operational level remain in place. Only the continuing existence of the AEC depends on the outcome of the procedure regarding the involvement of employees; in any case, the AEC would be replaced, upon application of the statutory fall-back solution, by an SE Works Council (Sections 22 *et seq.* SE Employee Participation Act).

The hive-down of the business of RAS (with the exception of certain participations and further assets and liabilities) to RAS Italia S.p.A. (to be renamed RAS S.p.A.) prior to the merger of RAS into Allianz entails specific consequences for the employees of RAS. The large majority of employees of RAS will thereby become employees of RAS Italia S.p.A. Approx. 60 employees will not become employees of RAS Italia S.p.A., but will, at first, continue to be employees of RAS and will become employees of Allianz SE upon effectiveness of the merger. The transfer of the employment contracts does not have retrospective effect as per the merger effective date.

On October 25, 2005, Allianz AG, RAS and the unions R.S.A. FISAC/Cgil (Federazione Italiana Sindacale Lavoratori Assicurazioni Credito / Confederazione Generale Italiana del Lavoro), FIBA/Cisl (Federazione Italiana Bancari e Assicurativi / Confederazione Italiana Sindacati Lavoratori), UILCA/Uil (UIL Credito e Assicurazioni / Unione Italiana del Lavoro), FNA (Federazione Nazionale Assicuratori) und SNFIA (Sindacato Nazionale Funzionari Imprese Assicuratrici) have concluded an agreement according to which the following provisions apply in respect of the employees represented by the aforementioned organisations:

- All employment contracts which are transferred to RAS Italia S.p.A. will be continued by the latter at the same conditions as before, including stipulations made by collective agreements.
- Those employees of RAS, who become employees of Allianz SE upon effectiveness of the merger, will continue to be employed at their current workplaces. Their employment contracts will be continued at the same

conditions, including stipulations made by collective agreements existing at the point in time of the effectiveness of the merger.

- The stipulations in collective agreements currently existing at RAS shall apply also for the benefit of all new employees who are hired after the hive-down and the merger.
- In the event that Allianz SE should decide to discontinue those activities which are carried out by the Italian employees who are transferred to it, the employees affected have the right to demand within a period of 30 days an employment with RAS Italia S.p.A. on the same working conditions and in the same position.

To the extent that employees of RAS are beneficiaries of stock option plans of RAS, they were granted the right to exercise prematurely their option rights for the acquisition of RAS ordinary shares granted in 2004, *i.e.* during the offer period of the tender offer in October and November 2005 (*see* Section 10.2 of the merger plan and the related comments in chapter j)). Upon exercising outstanding options from the stock option plan 2005 shares in Allianz SE will be granted (*see* Section 9.2 of the merger plan and the related comments in chapter i)).

Independent of the merger and already prior to its effectiveness, there will be, at the levels below Allianz and the future Allianz SE, a comprehensive reorganisation, *inter alia*, of the German insurance business of Allianz Group, including a concentration of this business in a German holding company (with regard to this reorganisation *see* chapter II.1.c)(aa)). The changes for the employees resulting from this measure are not a consequence of the merger and the formation of the SE and are, therefore, not described in more detail in this report.

**(cc) Initiation of the Procedure Regarding the Involvement of Employees
(Section 12.3 of the Merger Plan)**

Section 12.3 describes the initiation of the procedure regarding the involvement of employees in the form of the notification of the employees and their representative bodies involved which is required for this purpose by statutory law. The required information is provided for by statutory law and is also listed in Section 12.3.

The initiation of the procedure for the involvement of the employees is conducted in accordance with the provisions of the German SE Employee Participation Act. The Act requires that the management bodies of the participating companies, *i.e.* the board of management of Allianz and the board of directors of RAS, request the employees to establish a Special Negotiating Body and that they notify the employees or their representative bodies involved, respectively, about the formation project.

The procedure is to be initiated – by means of the notification required by law – without prior request and without undue delay after the management bodies of Allianz and RAS have published the merger plan jointly prepared by them.

The required notification of the employees or their representative bodies, respectively, includes, in particular:

- The names and structure of Allianz and RAS, their concerned subsidiaries and concerned establishments, and their distribution among the member states;
- The bodies representing employees existing within these companies and establishments;
- The number of persons employed in these companies and establishments, and the total number of persons employed in a given member state determined on the basis thereof; and
- The number of employees enjoying participation rights in the corporate bodies of these companies.

(dd) Establishment of the Special Negotiating Body (Section 12.4 of the Merger Plan)

It is provided by statutory law that the employees or their representative bodies, respectively, elect or appoint within a period of ten weeks after the initiation of the procedure by the required notification of the employees or their representative bodies, respectively, the members of the Special Negotiating Body, which is composed of employee representatives from all member states of the EU and from all signatory states of the European Economic Area (EEA) involved in which Allianz Group has employees.

The establishment and composition of the Special Negotiating Body are described in Section 12.4. In principle, they are subject to German law (Section 4 and Section 5 SE Employee Participation Act, respectively). However, with regard to the election or appointment, respectively, of the members of the Special Negotiating Body from the individual EU member states and EEA signatory states the relevant national provisions of law apply. The establishment of the Special Negotiating Body is the responsibility of the employees and their representative bodies involved and of the relevant unions, respectively.

On the basis of the employee figures of Allianz Group (including RAS) as of November 30, 2005, the Special Negotiating Body would be composed as follows:

	Number of employees	% (rounded)	Delegates in the Special Negotiating Body
Austria	3,206	2.5	1
Belgium	1,532	1.2	1
Cyprus	1	0.0	1
Czech Republic	904	0.7	1
Denmark	55	0.0	1
Estonia	3	0.0	1
Finland	15	0.0	1
France	16,588	13.0	2
Germany	73,476	57.7	6
Greece	441	0.3	1

	Number of employees	% (rounded)	Delegates in the Special Negotiating Body
Hungaria	2,870	2.3	1
Iceland	0	0.0	0
Ireland	889	0.7	1
Italy	8,112	6.4	1
Latvia	5	0.0	1
Liechtenstein	0	0.0	0
Lithuania	32	0.0	1
Luxembourg	529	0.4	1
Malta	0	0.0	0
Norway	16	0.0	1
Poland	1,197	0.9	1
Portugal	993	0.8	1
Slovakia	2,693	2.1	1
Slovenia	0	0.0	0
Spain	2,937	2.3	1
Sweden	34	0.0	1
The Netherlands	1,816	1.4	1
UK	8,894	7.0	1
Total	127,238	100	30

With regard to Section 5 para. 2 SE Employee Participation Act it is possible that a second representative for Italy will be appointed. This is the case if RAS as an involved company is not represented by the representative appointed or elected for Italy.

If, during the term of office of the Special Negotiating Body, there are changes in the structure or the number of employees of the participating companies, their concerned subsidiaries or concerned establishments which would alter the composition of the Special Negotiating Body, then the Special Negotiating Body needs to be reconstituted accordingly (Section 5 para. 4 SE Employee Participation Act).

(ee) Beginning and Subject Matter of the Negotiations (Section 12.5 of the Merger Plan)

After the determination of the members of the Special Negotiating Body, but at the latest after expiry of ten weeks after the initiation of the procedure by the required notification, the management bodies of the companies involved, *i.e.* Allianz and RAS, can issue invitations for the constitutive meeting of the Special Negotiating Body.

Statutory law provides for a maximum duration of the negotiations of six months which, however, the parties may extend by mutual consent up to a period of one year.

Upon the day for which the management bodies of the companies involved, *i.e.* the board of management of Allianz and the board of directors of RAS, have issued invitations for the constitutive meeting of the Special Negotiating Body, the negotiations start to run.

The negotiation procedure takes place also if the ten-week period for the election or appointment of individual or all members of the Special Negotiating Body is exceeded for reasons within the responsibility of the employees (Section 11 para. 2 sentence 1 SE Employee Participation Act). It is thus in the interest of the employees to complete the election or appointment of the members of the Special Negotiating Body within the ten-week period. Delays for which the employees are not responsible have to be accepted by the management bodies of Allianz and RAS and may lead to an extension of the procedure.

Members who are being elected or appointed during the course of the negotiations may, at any time, participate in the negotiation procedure (Section 11 para. 2 sentence 2 SE Employee Participation Act). However, a member joining the negotiations late has to accept the current status of the negotiations at that time. There is no claim for an extension of the six-months negotiation period (Section 20 SE Employee Participation Act).

The aim of the negotiations is the conclusion of an agreement regarding the involvement of the employees in the Allianz SE. Subject matter of the negotiations is the co-determination of the employees in the supervisory board of Allianz SE and the determination of a procedure for the information and consultation of the employees, either by formation of an SE Works Council or in another manner.

(ff) Agreement Regarding Co-Determination (Section 12.6 of the Merger Plan)

Section 12.6 describes which minimum content an agreement regarding the involvement of employees has to have with regard to the subject matter of co-determination (*Mitbestimmung*).

An agreement regarding the involvement of the employees with respect to co-determination in the supervisory board shall contain at least information regarding the number of employee representatives on the supervisory board, the procedure according to which these employee representatives are determined and the rights of such representatives. As required by Art. 40 para. 3 SE Regulation, Section 17 para. 1 SE Implementation Act, the size of the supervisory board will be determined in the statutes of Allianz SE. The respective provision of the statutes (Section 6 para. 1 of the statutes of Allianz SE) provides for a supervisory board of twelve members. The management bodies of Allianz and RAS have further agreed to maintain the principle of co-determination on a parity basis. Accordingly, the statutes of Allianz SE provide in Section 6 para. 1 that six of the members of the supervisory board are to be appointed by the general meeting upon the proposal of the employees. This provision also ensures that in case of application of the statutory fall-back solution, there will be no need to amend the statutes, since the statutes already contain provisions for the appointment of employee representatives on the supervisory board which correspond to the statutory fall-back solution (Section 35 para. 2 SE Employee Participation Act). The geographical composition of these employee representatives is subject to the agreement regarding employee involvement, if any; if no such agreement is concluded, the geographical allocation is made according to the statutory fall-back solution according to Section 12.10 (*see below (ii)*).

(gg) Agreement Regarding the Information and Consultation of the Employees (Section 12.7 of the Merger Plan)

Section 12.7 describes the minimum content which an agreement regarding the procedure for the information and consultation of employees has to have.

In this regard, it has to be stipulated in the agreement whether an SE Works Council is to be established. In the case of its establishment, the following has to be stipulated: the number of its members and the allocation of seats, the information and consultation rights, the pertaining procedure, the frequency of meetings, the financial and material resources to be made available, the date of entry into force and the duration of the agreement as well as the circumstances in which the agreement is to be renegotiated and the procedure to be used in this regard. It is to be expected that in their negotiations regarding the establishment of an SE Works Council the management bodies of Allianz and RAS on the one hand and the Special Negotiating Body on the other hand will use as a basis the Agreement on the Cross-National Information and Consultation of Allianz Employees as amended by the 3rd supplement of March 31, 2003 (Allianz Europe Committee – AEC), as well as the experiences from the cooperation in the AEC.

Since the parties to the negotiations are under no obligation to establish an SE Works Council, they may also agree on another procedure by which the information and consultation of the employees is ensured. This could be achieved, for example, by establishing a competence at the level of the national bodies representing employees also for the information and consultation with regard to matters concerning the SE.

(hh) Adoption of Resolutions in the Special Negotiating Body (Sections 12.8, 12.9 of the Merger Plan)

Section 12.8 describes the majority requirements for the adoption of resolutions in the Special Negotiating Body.

The conclusion of an agreement regarding the involvement of employees requires a resolution adopted by the Special Negotiating Body which, in principle, adopts resolutions by a majority of its members, provided that this majority also represents a majority of the employees represented. Where an agreement on the involvement of the employees would lead to a reduction of the employees' co-determination rights, a qualified majority requirement of two-thirds of the members of the Special Negotiating Body applies instead, provided that such majority represents at least two thirds of the employees in at least two member states.

A reduction of the employees' co-determination rights would mean that the proportion of employee representatives on the supervisory organ of the SE is smaller than the highest proportion of employees in the corporate bodies of the participating companies, *i.e.* Allianz and RAS, or that the right to elect, appoint, recommend or reject members of the supervisory organ of the company is abolished or restricted. At Allianz, in the supervisory board as corporate body of Allianz, there is the highest proportion of employees, since only in the supervisory board of Allianz, employees enjoy co-determination rights on a parity basis pursuant to the MitbestG 1976, which entitle the employees in Germany to elect half of the 20 members of the supervisory

board of Allianz. In comparison to this status it would have to be examined in the course of the adoption of a resolution on an agreement regarding the involvement of the employees whether there is a reduction of co-determination rights.

Section 12.9 describes the consequences in case the Special Negotiating Body were to resolve not to enter into negotiations or to break off negotiations already under way. The Special Negotiating Body could theoretically resolve not to enter into negotiations or to break off negotiations already under way. Such resolution would also require the qualified majority described above. In this case, in the supervisory board of Allianz SE, there would be no co-determination, neither on the basis of an agreement, nor by operation of law; the statutory fall-back solution stipulated in the SE Employee Participation Act would not apply. The provision in Section 6 para. 1 of the statutes of Allianz SE on the parity composition of the supervisory board by shareholder representatives and employee representatives, as proposed to the general meeting of Allianz and the shareholders' meetings of the holders of RAS ordinary shares and RAS savings shares, would deviate from this situation, with the consequence that either the statutes would have to be amended or employee co-determination would have to be implemented solely on the basis of the statutes.

Not to enter into negotiations or to break off negotiations already under way would also mean that no SE Works Council would be established, either. Rather, the provisions governing the information and consultation in the EU member states and the EEA signatory states involved would apply, unless there was a European Works Council. Therefore, in the case of Allianz SE, the AEC would continue to exist which would continue to be entitled to information and consultation. With the adoption of the resolution not to enter into negotiations or to break off negotiations already under way the procedure for the involvement of employees is ended with the consequence that in so far there is no obstacle for the registration of the merger in the commercial register of Allianz.

(ii) Statutory Fall-Back Solution (Section 12.10 of the Merger Plan)

Section 12.10 contains information regarding the case that no agreement regarding the involvement of employees in Allianz SE is reached within the negotiation period. In this case, a statutory fall-back solution applies; this fall-back solution can also be agreed from the very beginning as the content of the agreement.

In the present case, the statutory fall-back solution would have the consequence with regard to employee co-determination on the supervisory board that the principle of employee co-determination on a parity basis existing at Allianz would be continued for Allianz SE, so that half of the members of the supervisory board of Allianz SE would be employee representatives. This is already stipulated in Section 6 para. 1 of the future statutes of Allianz SE, which are submitted to the general meeting of Allianz and the shareholders' meetings of holders of RAS ordinary shares and holders of RAS savings shares. In such case, there would be no need for an amendment of the statutes in order to achieve the registration of Allianz SE in the commercial registers. The employee representatives would no longer be appointed by the employees in Germany alone, but by all employees in Europe. On the basis of the current number of employees and their distribution by countries, in a supervisory board composed of twelve members with six employee representatives there would be four seats for employees of Allianz SE working in Germany, one seat for employees of Allianz SE working in France and one seat for employees of Allianz SE working in the UK.

The employees in Germany, France and the UK would have to nominate, in accordance with the respective provisions applicable in these countries, the employee representatives to be elected by the general meeting of Allianz SE. If no nomination were made, the SE Works Council would have to make it.

With regard to the protection of the right to information and consultation of the employees of Allianz SE, the statutory fall-back solution would have the consequence that an SE Works Council would have to be established, the function of which would be to safeguard the right to information and consultation of the employees in the SE. Pursuant to Sections 27 *et seq.* SE Employee Participation Act, it would be responsible for matters which affect the SE itself, one of its subsidiaries or one of its establishments in another member state or which go beyond the powers of the competent bodies at the level of the individual member states. The SE Works Council would have to be consulted annually with regard to the development of the business situation and the future prospects of the SE. It would have to be informed and consulted with regard to extraordinary circumstances. The composition of the SE Works Council as well as the election of its members would be determined, in principle, in accordance with the provisions applicable to the composition and appointment of the members of the Special Negotiating Body. The SE Works Council would replace the Allianz Europe Committee (AEC).

(jj) Review at Regular Intervals (Section 12.11 of the Merger Plan)

Section 12.11 describes the review of employee involvement in the SE at regular intervals in the case of the statutory fall-back solution. In this case, during the existence of the SE, its management has to review every two years whether changes within the SE, its subsidiaries or its establishments require an alteration of the composition of the SE Works Council (Section 25 SE Employee Participation Act). Besides, in case of the statutory fall-back solution, pursuant to Section 26 SE Employee Participation Act, four years after its establishment the SE Works Council has to resolve with the majority of its members, whether negotiations shall be re-opened with regard to an agreement for the involvement of employees within the SE or whether the existing regulations are to remain in place. If a resolution is adopted to enter into negotiations for an agreement regarding the involvement of employees, for the purpose of these negotiations the SE Works Council replaces the Special Negotiating Body.

(kk) Costs of the Special Negotiating Body (Section 12.12 of the Merger Plan)

As is stated in Section 12.12, the necessary expenses arising from the establishment and activities of the Special Negotiating Body are to be borne jointly and severally by Allianz and RAS, as well as by Allianz SE after its establishment (Section 19 SE Employee Participation Act). The obligation to bear the costs includes the material and personal expenses incurred in connection with the activities of the Special Negotiating Body, in particular, in connection with the negotiations. In particular, premises, material resources (*e.g.* telephone, telefax, required literature), interpreters and clerical staff required for meetings are to be provided and the necessary travel and subsistence expenses of the members of the Special Negotiating Body are to be met.

(II) Priority of Statutory Law (Section 12.13 of the Merger Plan)

Section 12.13 clarifies that mandatory statutory provisions regarding the employee involvement procedure take priority over the provisions stipulated in Section 12 of the merger plan.

2. Discussion of the Statutes of Allianz SE

Upon effectiveness of the merger, Allianz changes its legal form into an SE. The existing articles of association of Allianz will be replaced by the new statutes of Allianz SE. These statutes form part of the merger plan which requires approval by the general meeting of Allianz and the shareholders' meetings of the holders of RAS ordinary shares and the holders of RAS savings shares. Section 3.4 of the Merger Plan clarifies that only the German version of the statutes of Allianz SE shall be binding after the effectiveness of the merger.

The draft statutes for Allianz SE presented here are based upon the existing articles of association of Allianz in the version of November 2005. Since an SE with its registered office in Germany is largely subject to the same provisions of the German Stock Corporation Act as is a German stock corporation, the stipulations in the existing articles of association of Allianz could to a large extent be adopted for the statutes of future Allianz SE.

In the following paragraphs, the draft statutes for Allianz SE are commented on as follows:

a) Company Name, Registered Office, Corporate Purpose, Notifications, Financial Year (Section 1 of the Statutes)

As is presently the case with Allianz, Allianz SE will have its registered office in Munich, Germany. Except for the alteration of the indication of the legal form in the company name from "AG" into "SE", the company name will not be affected by the merger, either. The alteration of the indication of the legal form in the company name is a mandatory requirement pursuant to Art. 11 para. 1 SE Regulation.

The stipulations in Section 1 para. 2 to 5 of the draft statutes are identical to those in the articles of association of Allianz. Therefore, Allianz SE will have the same corporate purpose as Allianz. As is presently the case with Allianz, public announcements of Allianz SE will be made in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*). The financial year of Allianz SE corresponds to the calendar year.

b) Capital Structure (Section 2 of the Statutes)

(aa) Share Capital (Section 2 Para. 1 and 2 of the Statutes)

Pursuant to Section 2 para. 1 of the draft statutes, the share capital of Allianz SE amounts to EUR 1,039,462,400. This share capital amount corresponds to the one of Allianz at the date the merger plan was drawn up.

Allianz SE will have the share capital which Allianz will have at the point in time when the merger becomes effective, including the amount by which the share capital of Allianz possibly has been increased in the course of the merger for the purpose of issuing new shares. A higher share capital amount of Allianz SE than provided for in Section 2 para. 1 of the statutes may result from additional capital increases of Allianz prior to the effectiveness of the merger, in particular from conditional capital.

Therefore, the share capital amount stated in Section 2 para. 1 of the draft statutes is to be adjusted, by means of an amendment of the wording by the supervisory board of Allianz SE, to the actual share capital amount at the point in time of the effectiveness of the merger and the simultaneous conversion of Allianz into an SE as described above. Section 3.4 of the merger plan contains an authorisation and instruction of the supervisory board of Allianz SE to make such an amendment of the wording.

The reason for the provision in Section 2 para. 1 of the draft statutes regarding the generation of the share capital through the change of the legal form of Allianz into Allianz SE by means of the merger of RAS into Allianz is that the merger is, at the same time, a formation process pursuant to Art. 15 para. 1 SE Regulation, Sections 29 *et seq.* AktG (*see also* VI.1.a)).

It follows from Section 2 para. 1 and para. 2 of the draft statutes that Allianz SE, as is presently the case with Allianz, will have a share capital subdivided into no-par value registered shares with restricted transferability.

The transfer restriction and its particulars correspond to the respective provision in the current articles of association of Allianz.

(bb) Authorised Capital (Section 2 Para. 3 and 4 of the Statutes)

Section 2 para. 3 and para. 4 of the draft statutes governs the authorised capitals of the future Allianz SE.

The provisions in Section 2 para. 3 and 4 of the draft statutes have the effect that Allianz SE will have, with regard to the amount of the authorisation, the same respective authorised capital as existing at Allianz at the point in time of the effectiveness of the merger and the simultaneous conversion of Allianz into an SE. Since by means of the conversion of Allianz into Allianz SE the legal form changes, but the legal entity continues to exist, it is being ensured by this provision that there is a synchronisation of the authorised capitals of Allianz and Allianz SE as regards the amount of the authorisation, taking into account the resolutions to be adopted under items 3 and 4 of the agenda of the extraordinary general meeting of Allianz on February 8, 2006 (*cf.* Section 3.4 of the merger plan and the related comments in chapter 1.e)). It further ensures that Allianz SE is equipped with a sufficient capital structure and respective means of financing.

Thus, the amounts of the authorised capitals in Section 2 para. 3 and para. 4 of the draft statutes of Allianz SE are also to be adjusted accordingly in the case of any capital increases of Allianz from authorised capital prior to the effectiveness of the merger. Section 3.4 of the merger plan contains an authorisation and instruction of the supervisory board of Allianz SE to adjust accordingly the wording of the draft statutes of Allianz SE.

(1) Authorised Capital 2006/I (Section 2 Para. 3 of the Statutes)

Section 2 para. 3 of the statutes of the future Allianz SE provides for an Authorised Capital 2006/I against contributions in cash and/or kind with an aggregate nominal amount of up to EUR 450,000,000. In its function, this Authorised Capital 2006/I of Allianz SE replaces the Authorised Capital 2004/I presently existing at Allianz which originally amounted to EUR 450,000,000 and, after having been partially utilised, now amounts to EUR 424,100,864. By means of the new Authorised Capital 2006/I, in economic terms, the status as of the general meeting of Allianz of May 5, 2004, will be achieved again.

In the view of the merging companies, the Authorised Capital 2006/I provided for in the draft statutes of Allianz SE is required because Allianz SE has to be in a position, at all times, to act in a quick and flexible manner for the benefit of the shareholders according to changing market conditions. This requires that Allianz SE always has the instruments necessary to raise capital. As in most cases decisions regarding capital have to be made within a tight timeframe, it is important that Allianz SE is not dependent on the cycle of the annual general meetings in this regard. With the instrument of "authorised capital" (Section 202 AktG), the legislator has addressed this issue. The most common purposes for the use of an authorised capital are strengthening a company's equity basis and the financing of acquisitions.

If shares are issued pursuant to the Authorised Capital 2006/I against cash contributions, shareholders generally have a subscription right (*Bezugsrecht*).

However, the board of management shall be authorised, upon the approval of the supervisory board, to exclude shareholders' subscription rights in the case of a capital increase against contributions in cash if the issue price is not significantly below the stock market price, as provided for by Section 186 para. 3 sentence 4 AktG. This authorisation 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 if necessary. By excluding subscription 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 subscription rights. As a result, the company benefits from higher proceeds. Furthermore, new investor groups may be attracted by such issuances. When utilising this authorisation, 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. In no event will the discount be in excess of 5 % of the then prevailing market price when utilising the Authorised Capital 2006/I. The number of shares issued without subscription rights pursuant to Section 186 para. 3 sentence 4 AktG may not exceed 10 % of the existing share capital, neither at the time of this authorisation 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 authorisation or the authorisation for Allianz pursuant to the resolution of the general meeting of February 8, 2006, under item 3 of the agenda, and if subscription rights are excluded pursuant to Section 186 para. 3 sentence 4 AktG. 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 authorisation or of the authorisation for Allianz pursuant to the

resolution of the general meeting of February 8, 2006, under item 3 of the agenda under exclusion of subscription rights in corresponding application of Section 186 para. 3 sentence 4 AktG. These requirements ensure compliance with the legal provisions governing the protection of shareholders against dilution of their shareholdings. 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 subscription rights is restricted. This ensures that, in accordance with the legal principles provided in Section 186 para. 3 sentence 4 AktG, the economic and voting rights of shareholders are adequately protected when shares are issued from the Authorised Capital 2006/I under exclusion of subscription rights, while granting the company flexibility for the benefit of all of its shareholders.

Furthermore, it shall be permissible to exclude shareholders' subscription rights to the extent this is necessary to grant subscription rights for new shares to holders of option or convertible bonds already issued or to be issued in the future, if the terms and conditions of these bonds provide for such subscription rights. Instead of a reduction in the option or conversion price, such bonds usually provide for protection against dilution by granting bond holders subscription rights in subsequent share issuances, in the same manner as shareholders are entitled to subscription 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 realise 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 shall be authorised, upon the approval of the supervisory board, to exclude shareholders' subscription rights with respect to fractional amounts (*Spitzenbeträge*). This enables the company to utilise the authorisation in round sums. The technical handling of an issuance will be facilitated by such authorisation. The fractional shares (so-called "*freie Spitzen*") excluded from the subscription rights will be sold in a way most efficient for the company.

Also an authorisation to exclude shareholders' subscription rights shall be given in the case of a capital increase against contributions in kind. This authorisation enables the board of management to deliver shares of the company, as appropriate in the individual cases, in connection with the acquisition of companies or interests in companies, or other assets. In negotiations, there may be situations in which consideration is required 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 regarding companies or interests in companies or other assets while maintaining its liquidity levels. Using shares as acquisition currency can also be advantageous when optimising the financing structure. This authorisation 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 shares delivered.

By the authorisation to exclude shareholders' subscription rights, the board of management of Allianz SE shall further be authorised to issue shares of Allianz SE using the Authorised Capital 2006/I, instead of providing cash settlement, to satisfy in

part or in whole securitised or non-securitised 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.

Moreover, under the Authorized Capital 2006/I, it shall be possible – under the exclusion of shareholders' subscription rights – to issue shares for the settlement of bonds carrying conversion or option rights originally issued not against contributions in cash but against contributions in kind. This creates the possibility to also use bonds carrying conversion and option rights as acquisition currency in connection with the acquisition of companies, interests in companies, or other assets and therefore also increases the Company's competitive position with respect to attractive acquisition targets.

The future board of management of Allianz SE has to analyse carefully in each case whether to utilise the authorisation to exclude shareholders' subscription rights when raising capital. This option will 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 Allianz SE, and, therefore, of its shareholders.

The board of management will report on the use of the authorisation at each general meeting of Allianz SE following such use.

(2) Authorised Capital 2006/II (Section 2 Para. 4 of the Statutes)

Section 2 para. 4 of the statutes of future Allianz SE provides for an Authorised Capital 2006/II against contributions in cash with an aggregate nominal amount of up to EUR 15,000,000 to issue shares to employees. In its function, the Authorised Capital 2006/II of Allianz SE replaces the existing Authorised Capital 2004/II currently existing at Allianz which originally amounted to EUR 10,000,000 and which, after having been partially utilised, now amounts to EUR 4,356,736.

The proposed authorisation is intended to enable the company to offer treasury shares to the employees of Allianz SE 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 Allianz SE and its shareholders, because it enhances employee identification with the company and encourages them to take responsibility for the company. Under the applicable German Stock Corporation Act, shares required for this purpose may be issued from authorised capital. In order to have sufficient authorised capital for purposes of issuing shares to employees over the next several years, this authorised capital is to be dimensioned with an amount of EUR 15,000,000. The volume of this authorisation has been determined by taking into account the number of employees entitled to participate, the expected subscription results, and the term of the authorisation. To be able to offer shares from authorised capital to employees, it is necessary to exclude shareholders' subscription rights. At this point in time, it is not possible to state the issuance price, because neither the date nor the amount of the respective use of the authorised capital have been fixed. Shares issued to employees may be offered with customary discounts. Furthermore, the board of management may exclude fractional amounts

(*Spitzenbeträge*) from shareholders' subscription 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.

(cc) Conditional Capital (Section 2 Para. 5 and 6 of the Statutes)

The provisions in Section 2 para. 5 and 6 of the statutes are intended to provide Allianz SE with sufficient conditional capital. In this regard, too, the conditional capitals existing at Allianz at the point in time at which the merger takes effect are to be continued by Allianz SE with regard to their amount.

On the one hand, the settlement of option and conversion rights from bonds issued by Allianz is intended to be facilitated by the conditional capital in Section 2 para. 5 of the statutes. This is the result of the existing authorisation of the board of management of Allianz. The board of management of Allianz is currently authorised by a resolution of the general meeting of May 5, 2004, regarding item 7 of the agenda, to issue until May 4, 2009, once or several times, bonds carrying conversion or option rights for registered shares in the company, upon approval by the supervisory board. Under this authorisation, bonds carrying conversion and/or option rights (hereinafter collectively referred to as "bonds") may be issued up to a nominal value of EUR 10,000,000,000, with or without a fixed term, and may be issued to the holders of bonds carrying conversion or option rights for shares in the company in a proportionate share of the capital stock of up to EUR 250,000,000. In certain circumstances the board of management of Allianz is authorised to exclude shareholders' subscription rights, upon the approval of the supervisory board.

To date, the board of management of Allianz has made use, in part, of this authorisation and has issued option bonds in the nominal amount of EUR 1,400,000,000 with option rights for 11,200,000 Allianz shares. These option rights have, in part, been exercised with the consequence that 9,000,000 shares have been issued out of the conditional capital of Allianz. Option rights for the subscription of 2,200,000 shares can still be exercised.

On the other hand, the future Allianz SE shall be able to issue bonds carrying conversion and/or option rights in an adequate extent. Therefore, a new authorisation and a new conditional capital for the issuance of bonds are to be created according to the proposal regarding item 5 of the agenda of the extraordinary general meeting of Allianz. The authorisation currently existing to issue bonds – to the extent it has not yet been utilised – is to be cancelled at Allianz. Likewise, the Conditional Capital 2004 created for the existing authorisation is to be reduced.

Therefore, the stipulations in Section 2 para. 5 and 6 of the draft statutes of Allianz SE provide for respective conditional capitals. By such provision in the draft statutes of Allianz SE a synchronisation is to be achieved – similar to the authorised capitals described above – between the amount of the conditional capital pursuant to Section 2 para. 5 of the articles of association of Allianz AG and the statutes of Allianz SE and the wording of the conditional capital provided for in Art. 2 para. 6 of the statutes of Allianz SE, in order to enable Allianz SE to satisfy also option rights arising from the bonds issued by Allianz.

Therefore, the conditional capital in Section 2 para. 5 – after the exercising of option rights and issuance of 9,000,000 shares (representing a portion of the share capital in the amount of EUR 23,040,000) – now provides for a conditional capital in the amount of EUR 226,960,000 (originally EUR 250,000,000). Provided that the resolution proposed under item 5 of the extraordinary general meeting of Allianz on February 8, 2006, including the cancellation of the authorisation for the issuance of convertible and option bonds of the year 2004, is adopted, this conditional capital only amounts to EUR 5,632,000, corresponding to the outstanding option rights for 2,200,000 Allianz shares (representing a portion of the share capital in the amount of EUR 5,632,000), because of the partial utilisation of the aforementioned authorisations.

In this case, there is – by virtue of the aforementioned resolution – a new authorisation for the issuance of convertible and option bonds with an additional conditional capital which is provided for in Section 2 para. 6 of the statutes of Allianz SE. This conditional capital in Section 2 para. 6 serves the settlement of conversion or subscription rights of the holders of convertible and option bonds in accordance with the proposal submitted to the general meeting on February 8, 2006, under item 5 of the agenda, for a resolution regarding an authorisation for the issuance of convertible and option bonds.

Allianz believes that fixing the maximum issuance volume in the new authorisation to be EUR 10,000,000,000 would be useful in exploiting the spectrum of capital markets instruments which securitise conversion or option rights. The conditional capital intended for the settlement of the obligations arising from the conversion and option rights shall be EUR 250,000,000. This ensures that the scope of the authorisation can be utilised in full. The number of shares required to fulfill the obligations arising from the option or conversion rights of a bond with a certain issuance volume generally depends on the market price of Allianz shares at the time the bond is issued. If sufficient conditional capital is available, the scope of the authorisation for issuing bonds carrying conversion or option rights can be exploited in full.

The proposed extent of the issuance volume and of the conditional capital has the effect that the status resolved upon by the general meeting on May 5, 2004 will be achieved again in economic terms.

An adequate capital basis is an important prerequisite for the development of Allianz SE. By issuing bonds carrying conversion or option rights, Allianz SE 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 premiums. Some hybrid financings can only be placed if option or conversion rights can be granted.

The shareholders of Allianz SE are generally entitled to subscription rights when bonds carrying conversion or option rights are issued.

However, the board of management shall be authorised, in corresponding application of Section 186 para. 3 sentence 4 AktG, to exclude these subscription rights in the case of an issuance against cash contributions, 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 favourable 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. Favourable 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 subscription 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 Section 186 para. 2 AktG 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, due to the volatility of the equity markets there still exists 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 subscription rights are granted, an alternative placement with third parties is more difficult or entails additional efforts, given the uncertainty surrounding the exercise (subscription behavior). Finally, the company cannot react to changes in market conditions on short notice when granting subscription rights, given the duration of the subscription period. This could lead to the company procuring capital on unfavourable terms.

The interest of the shareholders of Allianz SE 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 recognised methods of financial mathematics. For this purpose, the opinion of an experienced investment bank or audit firm must be obtained. When determining the price, the board of management of Allianz SE 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 subscription rights being close to zero, thus ensuring that the shareholders will not suffer any material economic disadvantages from the exclusion of subscription rights. Moreover, shareholders can maintain their share of the share capital of the company through purchases on virtually the same terms and conditions via the stock exchange. This ensures appropriate protection of their economic interests. The authorisation to exclude subscription rights pursuant to Section 186 para. 3 Sentence 4 AktG only applies to bonds with rights to shares that account for a proportionate share of the share capital of not more than 10%, neither at the time of this authorisation becoming effective, nor at the time of its exercise. The sale of treasury stock is to be counted towards this limit if it occurs during the term of this authorisation under exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG. In addition, those shares are to be counted towards this limit which are issued from authorised capital under exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 AktG during the term of this authorisation. These provisions serve the interest of shareholders by minimising the dilution of their investment as much as possible.

In addition, the board of management shall be authorised, upon the approval of the supervisory board, to exclude subscription rights with respect to fractional amounts (*Spitzenbeträge*). 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 subscription rights simplifies the execution of the capital increase.

Furthermore, the board of management shall be given the authority to exclude, upon the approval of the supervisory board, the subscription rights of the shareholders in order to grant the holders of conversion or option rights or the holders of bonds carrying conversion obligations the same subscription 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 subscription rights as dilution protection. Equipping bonds with such a dilution protection is standard market practice.

Bonds can also be issued against contributions in kind provided that this is in the interest of the company. In such cases, the board of management, with the approval of the supervisory board, is authorised to exclude the subscription rights of the shareholders, provided that the value of the contribution in kind is appropriate in relation to the theoretical market value of the bonds as calculated using recognised methods of financial mathematics. This makes it possible to use bonds in individual cases also as acquisition currency, for example in connection with the acquisition of companies, of interests in companies, or other assets. In negotiations, there may be situations in which consideration is to be in a form other than cash. The option to be able to offer bonds as consideration will increase the company's competitive position with respect to interesting acquisition targets and increase its flexibility to take advantage of acquisition opportunities regarding companies, interests in companies and other assets, while maintaining its liquidity levels. This can also be advantageous when optimising the financing structure. The board of management will carefully examine each individual case to decide whether to make use of the authorisation to issue bonds with conversion or option rights against contributions in kind under exclusion of subscription rights. It will only do so if such an action is in the interest of the company, and thus of its shareholders.

(dd) Entitlement to Share in the Profits (Section 2 Para. 7 of the Statutes)

Pursuant to Section 2 para. 7, in case of capital increases the entitlement of new shares to share in the profits may be stipulated in deviation from Section 60 para. 2 AktG, with the consequence that, for example, in the case of an issuance of shares during a year the new shares can be entitled to share in the profits already as of January 1 of the same year.

c) Certification (Section 3 of the Statutes)

As is presently the case with the shares of Allianz, the shares of Allianz SE will also be certified in the form of global share certificates. As is presently provided in the articles of association of Allianz, the claims of the shareholders for an individual certification of their shares is excluded, provided that such certification is not required pursuant to the rules applicable at a stock exchange on which the Allianz shares are listed for trading.

Pursuant to Section 3 para. 2 of the statutes of Allianz SE profit participation certificates and renewal certificates for shares are to be issued to the bearer, as is presently the case in the articles of association of Allianz.

d) Corporate Bodies of the Company (Section 4 of the Statutes)

The SE Regulation pursuant to its Art. 38 lit. b) offers a choice between the two-tier system (supervisory organ and managing organ) and the one-tier system (administrative organ). Allianz and RAS have opted in favour of the two-tier system, which corresponds to the present structure of Allianz. Accordingly, corresponding to Art. 38 lit. b) SE Regulation, Section 4 clarifies that the corporate bodies of the company are the board of management, the supervisory board and the general meeting.

e) Board of Management (Section 5 of the Statutes)

(aa) Composition of the Board of Management (Section 5 Para. 1 of the Statutes)

As with Allianz, pursuant to Section 5 para. 1 the board of management will consist of at least two persons. The number of members of the board of management is determined by the supervisory board.

Whereas with Allianz, pursuant to the MitbestG 1976, a labour relations director (*Arbeitsdirektor*) is to be appointed as an "equal member" of the board of management (Section 33 para. 1 sentence 1 MitbestG 1976), this position will not exist in the SE, because there is no provision of law to this effect for the SE. Only in the event that the statutory fall-back solution applies (*see* chapter 1.1(ii)), it is stipulated by Section 38 para. 2 sentence 2 SE Employee Participation Act that in the course of the allocation of responsibilities the responsibility for labour and social affairs is to be attributed to one member of the board of management without conferring a special legal position.

(bb) Statutory Representation (Section 5 Para. 2 of the Statutes)

Pursuant to Section 5 para. 2, Allianz SE is legally represented by two members of the board of management or by one member of the board of management together with a person vested with a general power of attorney under German law (*Prokurist*).

(cc) Appointment and Term of the Members of the Board of Management (Section 5 Para. 3 of the Statutes)

Pursuant to Section 5 para. 3 of the statutes, the members of the board of management are appointed for a maximum term of five years, with repeated appointments being permissible. The members of the board of management of Allianz could be appointed for a maximum term of the five years under German stock corporation law (Section 84 para. 1 sentence 1 AktG). In an SE the maximum term for members of corporate bodies is six years (Art. 46 para. 1 SE Regulation); it is to be stipulated in the statutes. The stipulation now proposed for Allianz SE follows, in principle, the provision of German stock corporation law in Section 84 para. 1 sentence 1 AktG, according to which the maximum term for the appointment of members of the board of management is five years.

Appointment and dismissal of the members of the board of management of Allianz SE are effected in the course of the adoption of a regular resolution of the supervisory board, which decides with the majority of the members participating in the adoption of the resolution (Section 8 para. 2 sentence 2 of the statutes). In the case of a tie, the chairman of the supervisory board has the casting vote (Section 8 para. 3 sentence 1 of the statutes); this applies already in the first ballot.

This stipulation represents a change in comparison to the current provision at Allianz. Within the scope of application of the MitbestG 1976, which applies to Allianz, but not Allianz SE, in the first ballot a two-thirds majority is required for the appointment and dismissal of members of the board of management (Sections 31 para. 2 and 5 MitbestG 1976). If such two-thirds majority is not achieved in the first ballot, the mediation committee composed on a parity basis of shareholder representatives and employee representatives (Section 27 para. 3 MitbestG 1976) submits proposals to the supervisory board regarding the appointment or a dismissal, respectively, of members of the board of management (Section 31 para. 3 and 5 MitbestG 1976). Because of the abolition of this election procedure the mediation committee currently existing at Allianz will not exist at Allianz SE, either.

(dd) Adoption of Resolutions in the Board of Management (Section 5 Paras. 4, 5 and 6 of the Statutes)

Section 5 para. 4 of the statutes provides that the board of management constitutes a quorum if all members of the board of management are invited and at least half of its members – among them the chairman or a member of the board of management appointed by him – participate in the meeting. This provision of the statutes reflects Art. 50 para. 1 lit. a) SE Regulation, according to which – subject to a deviating stipulation in the statutes – a corporate body constitutes a quorum if at least half of its members are present or represented.

Pursuant to Section 5 para. 5 the board of management adopts its decisions with a simple majority of the members present or represented. In case of a vote tie the vote of the chairman is decisive. This provision of the statutes follows the statutory provision in Art. 50 para. 1 lit. b) SE Regulation and, with regard to the casting vote, in Art. 50 para. 2 SE Regulation.

Section 5 para. 6 of the statutes provides for a veto right of the chairman of the board of management against resolutions of the board of management. In a German stock corporation, it is, in principle, permissible to grant a veto right to the chairman of the board of management in the statutes or in the by-laws of the board of management. However, this is not permissible, according to the prevailing opinion, in the case of a stock corporation which is subject to co-determination pursuant to the MitbestG 1976. The reason for this is seen in the equal position of the labour relations director. However, in contrast to the MitbestG 1976, the SE Employee Participation Act does not provide for a labour relations director with a corresponding equal position in an SE (*see above (aa)*).

f) Composition of the Supervisory Board; First Supervisory Board (Section 6 of the Statutes)

Section 6 para. 1 of the statutes stipulates the size of the supervisory board of Allianz SE. The size of the supervisory board of Allianz SE will differ from the size of the supervisory board of Allianz. In order to increase the efficiency of the work of the supervisory board it is intended to reduce the number of members of the supervisory board from twenty to twelve, six of which are to represent the employees. The size of the supervisory board is determined in the statutes of Allianz SE (Art. 40 para. 3 sentence 1 SE Regulation, Section 17 para. 1 SE Implementation Act).

All twelve members of the supervisory board of Allianz SE are appointed by the general meeting. Of the twelve members, six members are to be appointed upon proposal of the employees. This provision may need to be changed by resolution of the general meeting of Allianz and the shareholders' meetings of the holders of RAS ordinary shares and holders of RAS savings shares, if there is a deviating provision in an agreement on the involvement of the employees in the future Allianz SE. Should the statutory fall-back solution apply as a consequence of a failure of the negotiations, the statutes do not need to be amended, because Section 6 para. 1 of the statutes already ensures parity in the supervisory board of Allianz.

In Section 6 para. 2 sentence 1 of the statutes the six shareholder representatives on the first supervisory board are appointed. Their term of office expires with the end of the general meeting which resolves on the formal approval of their actions with regard to the first financial year of Alliance SE after the beginning of their term, but in no case later than after three years.

Section 6 para. 3 of the statutes provides for substitute members of the supervisory board in the event that supervisory board members who have been appointed in accordance with Section 6 para. 2 sentence 1 leave the supervisory board prior to the expiration of the regular term.

g) Term of Office of Supervisory Board Members (Section 7 of the Statutes)

Section 7 para. 1 of the statutes governs the term of office of the members of the supervisory board. So far, the members of the supervisory board of Allianz could generally be appointed for a term of five years. Their office expired with the end of the general meeting which resolved on the formal approval of their actions with regard to the fourth financial year after the beginning of their term, with the financial year, in which their term had commenced, not being counted (*cf.* Section 102 AktG, Section 6 para. 1 of the articles of association of Allianz). In an SE the maximum term for members of corporate bodies is six years (Art. 46 para. 1 SE Regulation).

Section 7 para. 1 of the statutes provides that the appointment of the members of the supervisory board is made for the time until the close of the general meeting which resolves on the ratification of actions in respect of the fourth financial year following the beginning of the term of office, not including the financial year in which the term of office begins. The appointment is made for a maximum of six years, with repeated appointments being permissible. This provision of the statutes reflects Art. 46 para. 1 SE Regulation according to which the term of office of members of corporate bodies

may not be longer than six years and has to be stipulated in the statutes of the company. Section 7 para. 1 of the statutes does not apply to the shareholder representatives on the first supervisory board.

Section 7 para. 2 of the statutes stipulates – as is presently the case in Section 6 para. 2 of the articles of association of Allianz – that the members and substitute members of the supervisory board may resign from their office at any time by submitting a written declaration to the board of management of the company.

Section 7 para. 3 of the statutes provides that in the event of a member leaving the supervisory board before expiration of his term of office, without a substitute member taking his place, a successor shall be elected only for the remaining term of office of the member who has left (*cf.* Section 6 para. 3 of the articles of association of Allianz).

h) Adoption of Resolutions in the Supervisory Board (Section 8 of the Statutes)

Pursuant to Art. 42 sentence 1 SE Regulation, the supervisory organ elects a chairman from among its members; this provision corresponds to Section 107 para. 1 sentence 1 AktG. In an SE, however, if half of the members of the supervisory board are appointed by employees, only a shareholder representative may be elected chairman of the supervisory board (Art. 42 sentence 2 SE Regulation). With regard to the adoption of resolutions, the chairman has a casting vote in the event of a tie, provided that the statutes do not contain any stipulation to the contrary in this regard (Art. 50 para. 2 sentence 1 SE Regulation). However, a stipulation to the contrary in the statutes is not permissible if half of the supervisory board members are employee representatives; therefore, in this case, it is always the chairman appointed from among the shareholder representatives who has the casting vote (*cf.* Art. 50 para. 2 sentence 2 SE Regulation).

In accordance with these regulations, pursuant to Section 8 para. 1 of the statutes the supervisory board elects, from among its members, a chairman as well as two deputies for a period corresponding to their term of office on the supervisory board. As half of the members of the supervisory board of Allianz SE are shareholder representatives and the other half are employee representatives, only a member of the shareholder representatives can be elected chairman of the supervisory board pursuant to Art. 42 sentence 2 SE Regulation. In order to ensure that it is always a shareholder representative who is being elected chairman, it is stipulated in Section 8 para. 1 sentence 2 of the statutes that during the election of the chairman of the supervisory board the oldest member of the shareholder representatives acts as the chairman of the supervisory board, who then has the casting vote pursuant to Section 8 para. 3 of the statutes.

Pursuant to Section 8 para. 2 of the statutes the supervisory board constitutes a quorum if all members are invited and requested to adopt a resolution and if either at least six members, among them the chairman, or at least nine members participate in the resolution. Resolutions are adopted with the majority of the members participating in the vote (*cf.* Art. 50 para. 1 lit. b) SE Regulation).

It is stipulated in the statutes of Allianz SE that in the case of a tie, the vote of the chairman, and if he does not participate in the voting, the vote of the chairman's substitute is the casting vote, provided the substitute is a shareholder representative. It is further stipulated in the statutes of Allianz SE that if the substitute is an employee representative, he shall not be entitled to a casting vote (*cf.* Section 8 para. 3 of the statutes of Allianz SE). This stipulation reflects Art. 50 para. 2 SE Regulation with the clarification that if the chairman does not participate in the voting his substitute is only to have the casting vote if he is not an employee representative.

i) Transactions Requiring Approval (Section 9 of the Statutes)

Section 9 of the statutes contains a catalogue of transactions which require the approval of the supervisory board, as is required by Art. 48 para. 1 sentence 1 SE Regulation. The listed transactions requiring approval are reflecting the activities of Allianz SE as a holding company engaged in the finance and insurance business. In detail, these are the following:

- Acquisition of companies, participations in companies, and parts of companies (except for financial investments), if in the individual case the market value or, in case of a lack of a market value, the book value reaches or exceeds 10 % of the equity of the last consolidated balance sheet;
- Disposals of participations (except for financial investments) in a group company, to the extent that it leaves the circle of group companies by virtue of the disposal and if in the individual case the market value or, in case of a lack of market value, the book value of the participation disposed of reaches or exceeds 10 % of the equity of the last consolidated balance sheet;
- Entering into intercompany agreements (*Unternehmensverträge*); and
- Development of new or abandonment of existing business segments to the extent the action is of material importance for the Group.

In addition to such transactions requiring approval under the statutes of the company, pursuant to Art. 48 para. 1 sentence 2 SE Regulation in connection with Section 19 SE Implementation Act, the supervisory board is authorised in its own right, *i.e.* outside the statutes, to make additional transactions subject to its approval.

In this context it is to be noted that in companies which are subject to co-determination in accordance with the MitbestG 1976, rights resulting from participations held in other companies in which the employees have co-determination rights pursuant to the MitbestG 1976 may only be exercised with the approval from the supervisory board (Section 32 para. 1 MitbestG 1976). For the SE there are no provisions to this effect since the MitbestG 1976 does not apply.

j) Alteration of Wording (Section 10 of the Statutes)

Pursuant to Section 10 of the statutes the supervisory board is authorised to alter the wording (*Fassung*) of the statutes.

k) Remuneration of the Members of the Supervisory Board (Section 11 of the Statutes)

Section 11 of the statutes makes provisions for the remuneration of the members of the supervisory board of Allianz SE. The provisions are identical to the stipulations presently existing for the remuneration of the members of the supervisory board of Allianz in Section 9 of the articles of association of Allianz.

(aa) Remuneration Components (Section 11 Para. 1 of the Statutes)

Pursuant to Section 11 para. 1 lit. a) of the statutes, the members of the supervisory board of Allianz SE receive a fixed annual remuneration in an amount of EUR 50,000. In addition, the members of the supervisory board receive a flexible remuneration which is composed of:

- A performance-based annual remuneration in an amount of EUR 150 for each inchoate one tenth percentage point by which the group earnings per share increased over the period of one year, such increase being determined by a comparison of the group earnings per share for the financial year for which the remuneration is to be paid (year of remuneration) with the group earnings per share for the financial year preceding the year of remuneration (Section 11 para. 1 lit. b) of the statutes); and
- An annual remuneration, based on the company's long-term business performance, of EUR 60 for each inchoate one tenth percentage point by which the group earnings per share increased over a period of three years, such increase being determined by a comparison of the group earnings per share for the year of remuneration with the group earnings per share for the third financial year preceding the year of remuneration (Section 11 para. 1 lit. c) of the statutes).

The performance-based remuneration is in accordance with the recommendation in No. 5.4.7 para. 2 of the German Corporate Governance Code. The performance-based remuneration is linked to the Group earnings per share and thereby to a suitable and generally accepted indicator for reflecting the performance of a company in a certain period. As a part of the consolidated financial statements, the correct calculation of the Group earnings is approved by the statutory auditor. Thus, it is an objective indicator which is available to all shareholders and the public. The concept of performance-based remuneration provides for a short-term and a long-term component. The short-term performance component is based on the development of the group earnings per share in the last financial year, the long-term component is based on the development in the last three years. In the case of an increase of the group earnings per share by 8 % in the last financial year (short-term component) or by 20 % in the three-year period (long-term component), respectively, there is, for example, a performance-based remuneration of EUR 12,000 in each case.

The performance-based remuneration pursuant to Section 11 para. 1 lit. b), c) of the statutes is limited, in each case, to a maximum amount of EUR 24,000. This maximum amount applies in the case of an increase of the group earnings per share by 16 % in the last financial year or by 40 % in the three-year period, respectively.

Pursuant to Section 11 para. 1 of the statutes, the calculation of the performance-based remuneration is to be based on the group earnings per share shown in the consolidated financial statements, prepared in accordance with IFRS, for the respective financial year. In the case of subsequent changes of the group's earnings per share, the changed amount is relevant. In the event that changes of the accounting provisions lead to an increase or reduction of the group earnings per share, the group earnings per share which are relevant for the remuneration are to be determined in a uniform manner in accordance with the altered provisions in order to facilitate comparability. Accordingly, the group earnings per share contained in the consolidated financial statements of Allianz for the financial years until 2004, inclusive, is to be adjusted for the regular amortisations made on goodwill.

If, in the case of the short-term performance-based remuneration (Section 11 para. 1 lit. b) of the statutes) in the financial year preceding the year of remuneration, or, in the case of the long-term component of the performance-based remuneration (Section 11 para. 1 lit. c) of the statutes) in the third financial year preceding the year of remuneration, the group earnings per share determined in accordance with these provisions amounts to less than EUR 5, then for these financial years the group earnings per share relevant for the calculation of the performance-based remuneration is to be set at an amount of EUR 5 (Section 11 para. 1 last sentence of the statutes). By this provision, it is avoided that there is a high performance-based remuneration in the case of a mere reduction of losses or of insignificant absolute increases in a low earnings range. Since this would not be appropriate, a base value of EUR 5 is stipulated for cases in which the group earnings per share at the beginning of the relevant calculation period are less than EUR 5. By application of this base value, disproportionate increase rates are avoided and, at the same time, a minimum earnings threshold is established for the performance-based remuneration.

(bb) Chairman, Deputy Chairmen and Members of Committees (Section 11 Para. 2 of the Statutes)

Pursuant to Section 11 para. 2 of the statutes the chairman of the supervisory board receives two times, and each deputy chairman one-and-one-half times, the remuneration provided for in Section 11 para. 1. Each member of a supervisory board committee, except for the audit committee, receives an additional 25 % of the remuneration according to Section 11 para. 1 of the statutes, while the chairmen of these committees receive an additional 50 %. Members of the audit committee receive an additional annual fixed remuneration of EUR 30,000, while the chairman receives an additional EUR 45,000. By these provisions, also the additional work and responsibility is taken into account which results from the membership in committees, the chairmanship in committees and the chairmanship or deputy chairmanship in the supervisory board. Thus, the provisions are in accordance with the recommendation in No. 5.4.7 para. 1 sentence 3 of the German Corporate Governance Code.

The total annual remuneration of a member of the supervisory board may not exceed two times, and the remuneration of the chairman of the supervisory board may not exceed three times the remuneration according to Section 11 para. 1. Thereby, an appropriate limit is set for the amount of the total remuneration.

(cc) Attendance Fee (Section 11 Para. 3 of the Statutes)

In addition, pursuant to Section 11 para. 3 of the statutes the members of the supervisory board receive an attendance fee of EUR 500 for each personal attendance of meetings of the supervisory board and its committees requiring such personal attendance. In case that several such meetings are being held on the same or on consecutive days, the attendance fee will be paid only once.

(dd) Other Provisions (Section 11 Paras. 4 to 6 of the Statutes)

Pursuant to Section 11 para. 4 of the statutes supervisory board members, who served on the supervisory board for only part of the financial year, receive one twelfth of the annual remuneration for each month of service or any part of such month. The same applies to membership in supervisory board committees. By this provision it is ensured that the remuneration is only paid *pro rata temporis* in accordance with the duration of the membership in the supervisory board or its committees, respectively.

Section 11 para. 5 of the statutes governs the due date of the remuneration and stipulates that the remuneration is due after the end of the general meeting to which the consolidated financial statements for the year of remuneration are submitted or which decides on their approval.

Pursuant to Section 11 para. 6 of the statutes the company reimburses the members of the supervisory board for their out-of-pocket expenses and the VAT imposed on their supervisory board activity. The company provides insurance coverage and technical support to the supervisory board members to an extent reasonable for carrying out the supervisory board duties.

l) General Meeting (Section 12 of the Statutes)

As required by Art. 54 para. 1 sentence 1 SE Regulation, Section 12 para. 1 of the statutes provides that the ordinary general meeting is to be held within the first six months after the end of the financial year.

The general meeting is to take place at the company's registered office or in another German city with more than 100,000 residents. Thereby, the statutes provide flexibility with regard to the choice of the venue of the general meeting, compared to the previous statutory provision, which applied exclusively and which provided that the general meeting could only be held at the registered office of the company or at the seat of a German stock exchange.

The registration for a participation in the general meeting has to be made, as a general rule, no later than on the last day of the registration period stipulated by statutory law (Section 12 para. 3 of the statutes). Only those shareholders are entitled to participate in the general meeting and to exercise their voting right who have registered in due time and for whom the registered shares are registered in the share register (Section 12 para. 4 of the statutes).

Shareholders may have their voting rights exercised by a representative.

m) Conduct of the General Meeting (Section 13 of the Statutes)

Section 13 of the statutes corresponds, to a large extent, to the wording of Section 11 of the articles of association of Allianz, according to which the general meeting is to be presided over by the chairman of the supervisory board or, if he is unable to preside, by another member of the supervisory board to be appointed by the supervisory board (Section 13 para. 1 of the statutes), the general meeting can, in principle, be transmitted via audio-visual and electronic media (Section 13 para. 2 of the statutes), the chairman of the meeting directs the course of the general meeting as well as the voting procedure (Section 13 para. 3 of the statutes). In the context of the stipulations regarding the direction of the general meeting, it is provided that the chairman of the meeting determines the order of speakers and, amongst others, that he may reasonably limit the time for the questions and speaking rights of the shareholders (for further details *see* Section 13 para. 3 of the statutes). This serves the streamlining of the general meeting as is envisaged in Section 131 para. 2 sentence 2 AktG by virtue of the Corporate Integrity and Modernisation of the Law of Contestation Act (*Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts* – UMAG).

As a general rule, resolutions of the general meeting require a simple majority of the valid votes cast. As required by Art. 59 para. 1 SE Regulation, changes of the statutes require a majority of two thirds of the votes cast; a simple majority only suffices, if at least one-half of the share capital is represented in the passing of the resolution (Art. 59 para. 2 SE Regulation). Apart from this, the adoption of resolutions requires, in general, a simple majority of the share capital represented at the time the resolution is passed, to the extent that this is legally permissible (Section 13 para. 4).

n) Preparation of the Annual Financial Statements (Section 14 of the Statutes)

As is presently provided for in Section 12 of the articles of association of Allianz, within the time prescribed by law the board of management has to prepare the annual financial statements and the management report as well as the consolidated financial statement and management report for the group and to submit these to the supervisory board and to the auditor.

o) Profit Reserves (Section 15 of the Statutes)

Pursuant to Section 15 of the statutes (as is presently provided for in Section 13 of the articles of association of Allianz), the board of management and the supervisory board, in adopting the annual financial statements, may transfer more than one half of the annual net income (*Jahresüberschuss*) to other appropriated retained earnings (*andere Gewinnrücklagen*) until one half of the share capital is attained.

p) Profit Participation Rights (Section 16 of the Statutes)

To the extent that the company or its legal predecessor, Allianz, has issued profit participation rights and the respective terms of the profit participation rights result in a claim to a share in the unappropriated retained earnings (*Bilanzgewinn*) for the holders of the profit participation rights, any claim of the shareholders to such share in the unappropriated retained earnings (*Bilanzgewinn*) shall be excluded.

q) Appropriation of Net Income (Section 17 of the Statutes)

Pursuant to Section 17 of the statutes the shareholders meeting decides on the appropriation of the net income. It may also adopt a resolution for a distribution in kind instead of or in addition to a cash distribution.

r) Final Provisions (Section 18 of the Statutes)

Pursuant to Section 18 para. 1 of the statutes the formation costs pertaining to the merger of RAS into Allianz amount to EUR 95,000,000. The costs include, in particular, the costs for preparatory steps, the costs for the share-exchange trustee and for the implementation of the share exchange, the costs of the merger audit by the Allianz Merger Auditor and the RAS Merger Auditor, the costs of the required publications and of the registrations, the costs of external advisors, the costs of the notarisation of the agreement, the costs for the holding of the extraordinary general meeting of Allianz and the extraordinary shareholders' meetings of RAS, as well as (estimated, potential) costs for the preparation of stock exchange listing prospectuses for the admission for trading of the Allianz shares newly to be issued in the context of the merger, as well as the costs for the conduct of the procedure for the involvement of the employees.

Section 18 para. 2 of the statutes lists benefits in form of the stipulations regarding the RAS stock option plans and the stipulations regarding appointments to corporate bodies in Allianz SE and in RAS Italia S.p.A. These stipulations reflect the provisions in Sections 9.2, 10.2 to 10.4 of the merger plan. Reference is made to the related comments (*see* chapters 1.i)(bb) and 1.j)).

VII. Securities and Stock Exchange Trading

1. Effects of the Merger on the Shares of Allianz SE

As a consequence of the merger, the current shareholders of Allianz will become shareholders of Allianz SE by operation of law upon effectiveness of the merger and the simultaneous conversion of Allianz into an SE. As before, the shares of Allianz SE will also be registered shares with restricted transferability (*vinkulierte Namensaktien*). The share certificates will be exchanged. To the extent that the Allianz shares are certified by means of global share certificates, this is effected by means of an exchange of the global share certificates. To the extent that the shares are still certified by means of physical securities, an invalidation of these physical securities is considered. The shares of Allianz SE are to be certified solely by means of one or more global certificates in collective safe deposits (*girosammelverwahrte Globalurkunden*).

2. Effects of the Merger on the Shares of RAS

a) RAS Shares Cease to Exist/Acquisition of Allianz SE Shares

Upon effectiveness of the merger and the cessation of RAS entailed therein, the membership rights existing in respect of this company also cease to exist. The stock exchange listing of the RAS shares terminates. By operation of law and in accordance with the share-exchange ratio stipulated in the merger plan the outside shareholders of RAS participating in the merger become shareholders of Allianz SE. Therefore, after the merger has become effective, the book value rights certifying the RAS shares no longer represent any shareholder rights, but merely claims for an exchange into Allianz SE shares. The shares in Allianz SE to be granted in exchange for the RAS shares are created by Allianz in the course of a capital increase for the implementation of the merger.

b) Implementation of the Share Exchange

Deutsche Bank Aktiengesellschaft, Frankfurt/Main, has been appointed as trustee of the shareholders of RAS corresponding to Section 71 UmwG (*see* Section 8 of the merger plan and the related comments in chapter VI.1.h)). After the registration of the capital increase in the commercial register of Allianz, the trustee receives the new shares and confirms this to the commercial register. After the registration of the merger and exchange of the new Allianz AG shares into Allianz SE shares, the trustee delivers the new Allianz SE shares to the shareholders of RAS via the Italian clearing system in accordance with the share-exchange ratio stipulated in the merger plan.

In this regard, no action needs to be taken by the shareholders of RAS. The exchange of the shares will be implemented by means of respective transfers of entries in the securities accounts of the shareholders by the depositary banks.

Because of the share-exchange ratio of 19 RAS ordinary shares to 3 Allianz shares and 19 RAS savings shares to 3 Allianz shares, respectively, those shareholders who hold in their securities accounts a number of RAS shares which is not divisible by 19 without remainder, will receive partial rights of Allianz shares (share fractions –

Aktienspitzen). Partial rights carry no entitlement for the exercise of shareholder rights. Share fractions which cannot be allocated will be pooled in the interest of the shareholders to form complete SE shares in Allianz SE and will be sold by Deutsche Bank AG for the share price of the Allianz share through an official exchange broker. The sale proceeds will be credited to the holders of the respective partial rights on a pro rata basis in accordance with the partial rights held by them (Art. 18 SE Regulation, Sections 72 para. 2 UmwG, 226 para. 3 AktG).

The exchange of the shares and the sale of the share fractions is conducted free of charge for the RAS shareholders entitled to exchange their shares.

3. Effects of the Merger on Stock Exchange Trading

The shares of Allianz are currently admitted for trading in the official market (*amtlicher Markt*) (Prime Standard) on all German stock exchanges (including XETRA trade), on the London Stock Exchange, the Euronext Paris and on the Swiss Exchange in Zurich. In addition, the shares of Allianz are traded on the New York Stock Exchange in the form of American Depositary Shares (ADS) within the framework of a so-called American Depositary Receipt Program. Among others, they are included in the DAX 30, the Dow Jones Euro Stoxx 50 and in the Dow Jones Stoxx 50.

The merger does not affect the stock exchange trade of the shares of the current Allianz shareholders. Also after the merger, they continue to be able to trade their (then) Allianz SE shares on all stock exchanges on which the shares are currently listed.

It is intended that upon the termination of the stock exchange listing of the RAS shares the new shares of Allianz SE which are granted to the RAS shareholders in exchange for their RAS shares are admitted for trading in the official market (*amtlicher Markt*) on all German stock exchanges as well as – in the near future – on the stock exchanges in London, Paris and Zurich. The same applies for the admission of the American Depositary Shares on the New York Stock Exchange. The listing application is to be made in such a timely manner that the stock exchange listing of these shares can occur immediately upon the effectiveness of the merger and the simultaneous conversion into an SE.

The responsible work groups for the share indices will be informed about the exact schedule and sequence of events with regard to the merger and the simultaneous conversion into an SE. It is not to be expected that the composition or weighting of the relevant indices will be reviewed in the course of the periodic weighting check because of the merger and the simultaneous conversion of Allianz into an SE.

Shareholders located in the United States can deposit the Allianz shares which they receive in exchange for their RAS shares within the framework of the American Depositary Receipt Program sponsored by Allianz. If all requirements of the underlying agreement are fulfilled, the Depository is under an obligation to issue to the depositing shareholders American Depositary Shares which represent the deposited shares.

4. Listing of Allianz SE in Milan

The shares of RAS are currently traded on the Milan stock exchange. At the end of the trading session on the day on which the merger becomes effective by registration in the commercial register of Allianz, the listing of the RAS shares on the stock exchange in Milan will terminate. The shares of Allianz SE which will be granted to the RAS shareholders in exchange for their RAS shares are intended to be admitted promptly upon effectiveness of the merger for trading on all stock exchanges on which the shares of Allianz are listed. Thereby, it is to be ensured that the former RAS shareholders are able to continuously trade their shares on the stock exchange.

In addition, Allianz SE will apply for the admission of all Allianz SE shares on the Milan stock exchange (*Borsa Italiana*). This applies to both the already existing Allianz shares and the new Allianz SE shares to be granted to the former RAS shareholders in the course of the merger.

5. Option Rights and Convertible Bonds

There are still option rights for up to 2,200,000 Allianz shares outstanding out of an option bond issue made by Allianz in the year 2005. These may also be exercised after the merger with simultaneous conversion of Allianz into an SE. The new shares are issued out of a conditional capital of Allianz SE (*cf.* Section 2 para. 5 of the statutes of Allianz SE, chapter VI.2.b)(cc)).

RAS has granted option rights for the subscription of RAS ordinary shares in the course of the stock option plan 2005. Upon the effectiveness of the merger, these rights certify subscription rights for shares in Allianz SE (*see* Section 9.2 of the merger plan and the related comments in chapter VI.1.i)(bb)).

VIII. Share-Exchange Ratio

In the following, parts of the contents of the expert opinion of Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Stuttgart, of December 16, 2005, for the determination of the share-exchange ratio are re-printed in italics. The board of management of Allianz fully adopts the contents of the following text.

1. *Valuation Principles and Methods*

a) *Preliminary Remark*

The determination of the adequate share-exchange ratio of the company to be acquired requires a business valuation (Unternehmensbewertung) which is performed for both companies following the same method.

The management board of Allianz AG has established the business values which form the basis of the determination of the share-exchange ratio by using, in accordance with general practice in similar cases, the capitalised earnings value method – an accepted method of financial economics for the purpose of valuing businesses. In this regard, Allianz has used the expert services of Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Stuttgart.

There have been no particular difficulties (besondere Schwierigkeiten) as defined in Art. 18 para. 1 SE Regulation in connection with Section 8 para. 1 sentence 2 UmwG in the course of the valuation.

The following statements explain the procedure (methods and assumptions) and the results of the valuation as well as the derivation and the determination of the share-exchange ratio.

Additionally, it is pointed out that the following calculations for the derivation of the business values of Allianz and RAS are generally presented in millions of Euros without decimals. The adding and subtracting of values in tables may lead to differences in the sub-totals and total amounts shown due to the calculations with non-rounded values.

b) *General Valuation Principles*

The valuation principles applied for the valuation of Allianz and RAS are nowadays generally acknowledged in theory and practice of the valuation of businesses. They are reflected in literature as well as in the publications of the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V. – IDW), in particular in the standard "Standards for Carrying out Business Valuations" (Grundsätze zur Durchführung von Unternehmensbewertungen – IDW S 1) of October 18, 2005, which states the view of the profession on how auditors value businesses.

The standard IDW S 1 is to be applied both to domestic and also, in principle, to cross-border mergers involving German companies for the valuation and for the determination of an adequate share-exchange ratio.

These principles and methods are also recognised by the courts.

New theoretical and empirical findings as well as altered economic circumstances have led to a reorientation in the IDW S 1 as of October 18, 2005 (compared to the version as of June 28, 2000) with regard to the calculation of the discount rate (Kapitalisierungszinssatz). Furthermore the assumption of full distribution of profits (Vollausschüttungsannahme) in the context of objectified business valuations (objektivierte Unternehmensbewertungen) is no longer applied.

According to prevailing case-law and valuation practice, on which also the valuations presented here are based, the share-exchange ratio in the case of a merger is to be derived from objectified business values. In this context, the objectified business value is defined as a standardised and intersubjectively verifiable forward-looking value (Zukunftserfolgswert) from the perspective of a domestic shareholder liable for taxation without limitation and based on the assumption of continuation of the business with an unchanged concept.

c) Capitalised Earnings Value (Ertragswert)

It is generally accepted in economics, case-law and valuation practice that the capitalised earnings value (Ertragswert) is the suitable measure for the value of a business.

Pursuant to IDW S 1, para. 2.1., the business value can be determined either in accordance with the capitalised earnings value method (Ertragswertverfahren) or in accordance with a discounted cash flow method. In the present case, the business values were determined in accordance with the capitalised earnings value method, which is recognised by the courts in Germany. Since on the basis of identical valuation assumptions, in particular with regard to financing, both methods lead to identical business values, the business values in accordance with a discounted cash flow method are not presented in this report.

The capitalised earnings value of a business is determined, on the presumption of merely financial objectives, by the present value of future net cash flows to the owners of the company resulting from the ownership of the company (forward-looking value). This is the capitalised earnings value. The present value of the cash flows is calculated on the basis of a discount rate representing the yield of an alternative investment which is adequate to an investment in the business to be valued (cf. IDW S 1, para. 2.1).

The net cash flows to the owners of the company, which are to be discounted for the calculation of the capitalised earnings value, are derived primarily from the distribution of the profits generated by the business. The valuation of a business therefore requires a projection of the distributable profits of the business which are to be expected.

Generally, the basis for the determination of the capitalised earnings value is the business plan of the company as well as the estimate of sustainable returns which can be assumed to be realistic on a long-term basis, beyond the period of time to which the business plan relates. To the extent that there are timing differences between the

budgeted revenues and the budgeted expenses as well as between the budgeted cash receipts and the budgeted expenditures, these are to be included in a calculation of financing requirements (Finanzbedarfsrechnung) and their financing effects are to be allowed for in the valuation.

In accordance with the prevailing opinion in case-law and economics, the valuations of Allianz and RAS conducted on a stand-alone basis taking into consideration the already existing majority interest of Allianz in RAS. This means that all positive and negative synergy effects which can only be realised by the envisaged merger of RAS into Allianz were not included. The same applies to possible measures which will only be implemented subject to the future effectiveness of the merger.

For the purpose of calculating objectified business values it is to be assumed that such profits will be distributed which are available for distribution in consideration of the documented business plan and, if applicable, the legal restrictions for the distribution of profits.

The calculation of net cash flows of the company owners also has to allow for retentions of the company's profits as well as for the utilisation of amounts which are not distributed. Such amounts may be used for investments, for the repayment of debt or for the reduction of shareholders' equity, e.g. by share buy-backs (cf. IDW S 1, para. 4.4.1.1).

In so far as the planning distinguishes between two phases, the distribution of profits and the utilisation of retained profits for the first phase of the planning (so-called detailed planning period) are to be determined on the basis of the individual business plan, taking into account the past profit distribution policy as well as the profit distribution policy planned for the future, the level of shareholders' equity and the tax situation.

In case that there are no plans for the utilisation of retained profits, a simplified assumption is to be made of an investment of the retained amounts at the discount rate before corporate taxes or by a fictive direct assignment of the retained amounts to the shareholders. Both methods lead to the same equity value as a distribution of profits to shareholders.

With regard to the second phase (so-called terminal value), a standardised assumption is made, in principle, that the profit distribution of the businesses to be valued is equivalent to the profit distribution of the alternative investment.

Since the calculation of the objectified business values is made from the perspective of the owners of the companies, the tax burden of the shareholders in form of individual income tax (and basically also solidarity surcharge and church tax) on dividends is to be allowed for – in contrast to the tax-free attribution of retained profits.

In order to avoid that an objectified business value depends on the individual tax situation of each shareholder, a standardised tax rate has to be used. In accordance with IDW S 1, based on statistical data, an average standardised tax burden of 35 % is assumed to be adequate. This standardisation implies a shareholder who is a domestic resident, is liable for tax without limitations and who is holding the shares in his private asset portfolio.

When valuing corporations, the principle of German tax law of taxing only half of the dividend income (Halbeinkünfteverfahren) has to be taken into account. Thus, a standardised individual tax burden of 17.5 % of the distributed profits is applied for the calculation of cash flows, whereas retained profits do not lead to individual income taxation (cf. IDW S 1, para. 4.4.2.5.).

Where there are already significant shareholdings between the companies to be valued, it is necessary in the interest of a consistent valuation to value the interest in the subsidiary company from the perspective of the shareholders of the parent company. The outside shares of RAS as well as the shares which are held by Allianz, are therefore valued in a standardised manner from the view of a German shareholder.

The business value (forward-looking value) is calculated by discounting future cash flows to the valuation date. Allowance for the risks and the uncertainty of future cash flows is generally made in the form of an increase of the discount rate. In this regard, the company-specific risk premium has to cover the operational risk arising from the type of business as well as the financial leverage, influenced by the capital structure.

A market based calculation of the risk premium can be performed, in particular, on the basis of the Tax Capital Asset Pricing Model (Tax-CAPM) (cf. IDW S 1, para. 6.2). The discount rate is composed of the risk-free interest rate, reduced by the standardised individual income tax, and the risk premium, calculated on the basis of the Tax-CAPM (cf. IDW S 1, para. 7.2.4.1).

Future cash flows are further influenced by price changes. In addition, changes in volumes and structure can be a reason for changes of cash flows. If the cash flows grow for an infinite time and at a constant rate, the present value calculation in the second phase (terminal value) has to be performed using a discount rate reduced by the growth rate.

d) Separately Valued Assets (Sonderwerte)

Items which cannot or can only insufficiently be included in the determination of the capitalised earnings value are, as a general rule, to be valued separately; they are to be added to the capitalised earnings value. This includes, for instance, non-operating assets (nicht betriebsnotwendiges Vermögen).

The value from the non-operating assets was not reduced by the standardised income tax, which would imply a fictive distribution. Because of the specifically planned dividends in Phase I the value of the separately valued assets was treated as if it were part of the tax-free attribution to the retentions.

e) Liquidation Value (Liquidationswert)

If in comparison to a continuation of the business, it is, on the whole, more advantageous to sell the individual assets of the business separately, the sum of the net cash flows thereby generated – the so-called liquidation value – represents the minimum value of the business.

As in the case at hand, the valued companies are to be continued indefinitely and, in addition, it has to be assumed that because of the costs arising from a liquidation (for instance social plans, compensation payments) the liquidation values would be below the capitalised earnings values, the derivation and presentation of the liquidation values was not included in this report.

f) Net Asset Value (Substanzwert)

The valuation of the net assets of a business, using replacement values, leads to the so-called reconstruction value (Rekonstruktionswert) or net asset value (Substanzwert) of the business, which is only a partial reconstruction value due to intangible assets created by the company (value of the organisation, value of the client base etc.) that are not recorded in the balance sheet. This value is significant only in a few exceptional cases which are presently not relevant (e.g. if the best alternative use of the capital would be a reconstruction of the business). Thus, this value is not relevant for the present case and, accordingly, has not been determined.

g) Stock Market Price (Börsenkurs)

The shares of Allianz and RAS are listed on various stock exchanges. It could therefore seem appropriate to determine the value of the two companies also on the basis of the market capitalisations derived from the respective share prices. Since the stock market price depends on a variety of special factors, e.g. speculative and other non-value related influences, and therefore can be subject to unpredictable fluctuations and developments, there can be good reasons not to determine the business value on the basis of stock market prices.

Using stock market prices (market capitalisation) as a basis for the determination of the share-exchange ratio in a merger is no substitute for the valuation of a business in accordance with the principles described above, if this valuation is founded on a better and broader information basis than the one used by capital markets. The information used for the valuation in the case at hand is based on an analysis of historical data and long-term business plans. This type of information is not publicly available in this level of detail and to this extent.

In its decision of April 27, 1999 (BVerfG, 1 BvR 1613/94, Der Betrieb 1999, p. 1696; Die Wirtschaftsprüfung 1999, pp. 780 et seq.; cf. IDW S 1, no. 16), the German Federal Constitutional Court (Bundesverfassungsgericht) has ruled that for the purpose of determining the full compensation owed in respect of payments to outside shareholders or shareholders who withdrew from the company in the case of the conclusion of a control and profit and loss transfer agreement (Beherrschungs- und Gewinnabführungsvertrag) or in the case of an integration (Eingliederung), such compensation may not be less than the fair value of the shares. In the case of listed companies, the fair value of the shares cannot be determined without taking into account the stock market price. Insofar, the stock market price has the function of a minimum price.

The applicability of this judgment of the Federal Constitutional Court to merger cases is problematic. In contrast to cash compensation cases, in mergers there are two groups of shareholders with interests warranting protection, i.e. the shareholders of

the transferring company on the one hand and the shareholders of the acquiring company on the other hand. In the case of mergers the shareholders of the transferring company receive shares of the acquiring company.

In addition, even if the stock market prices were used as the basis for the valuation, in the present case it should be noted that the business values determined in accordance with the capitalised earnings value method of both Allianz and RAS are significantly higher than the values resulting from the respective market capitalisations. The average stock market price during the three months prior to the announcement of the merger on September 11, 2005 of Allianz was EUR 102.20 per Allianz share, EUR 16.45 per RAS ordinary share and EUR 21.83 per RAS savings share. The average prices of the shares are, therefore, below the proportionate business values per share which are determined below and are used in the context of the merger. Thus, in the present case the stock market price as minimum value has no significance for the determination of the share-exchange ratio (cf. OLG Düsseldorf, January 15, 2004, 19 W 5/03).

The valuation of Allianz and RAS has therefore been conducted on the basis of the capitalised earnings value method, which was held to be unobjectionable from a constitutional law point of view by the Federal Constitutional Court in its judgment of April 27, 1999.

h) Value Per Share

The share capital of Allianz is divided into 406,040,000 no-par value shares with a notional amount of the share capital of EUR 2.56 per share. The portfolio of treasury shares of Allianz amounts to 424,035 shares. The treasury shares were not considered in the calculation of the value per share in accordance with Section 71b AktG. Thus, there are 405,615,965 Allianz shares outstanding and to be considered for the determination of the share-exchange ratio.

The share capital of RAS is divided into 670,886,994 ordinary shares (azioni ordinarie) and 1,340,010 savings shares (azioni di risparmio) with a nominal value of EUR 0.60 per share. In total, these are 672,227,004 shares. Allianz is holding 512,158,245 ordinary shares (approx. 76.3 % of the ordinary shares) and 954,788 savings shares (approx. 71.3 % of the savings shares) of RAS.

The savings shares do not confer a right to participation in the shareholders' meetings of RAS and no voting rights. Instead, they carry preferential rights primarily in view of dividends and a special right of the common representative in the general meeting to challenge resolutions.

According to the opinion of the Bavarian Supreme State Court (Bayerisches Oberstes Landesgericht – BayObLG, July 31, 2002, 3 ZBR 302/01, Der Betrieb 2002, pp. 2265 et seq.) different features of shares (e.g. in view of different voting rights and dividend entitlements) do not automatically lead to different values for the shareholders both from a theoretical and an economic point of view.

An empirical stable pattern that could justify a higher valuation of one class of shares can neither be proven on the level of the total market nor on the level of individual shares. Sometimes ordinary shares and sometimes savings shares are traded at a higher price than the respective other share class. Valuation differences seem to be influenced more strongly by the relative trading volume, the liquidity factor and the inclusion in a stock index, than by the features of the share class as defined by the articles of association of the company.

Thus, it can be assumed that the lack of a voting right of the savings shares is compensated by the preferential right to a higher dividend and that therefore the intrinsic value of the savings shares corresponds to the intrinsic value of the ordinary shares. Hence, a valuation difference between the two share classes cannot be justified. Consequently, for the determination of the value of the RAS shares, equality of the values of both share classes is to be assumed, which leads to a simple addition of the number of shares.

2. Determination of the Business Values

a) General Approach

For the determination of the business values of Allianz and RAS the capitalised earnings value method has been used.

The business values of the companies to be valued result from the respective capitalised earnings values plus the separately valued assets on a stand-alone basis under consideration of the already existing controlling interest of Allianz in RAS in the amount of 76.3 %.

The capitalised earnings values were determined in accordance with the so-called phase method. Phase I includes the detailed planning period, i.e. the financial years 2006 to 2008. For the financial years from 2009 onwards (Phase II), the forward-looking values were, in principle, determined as perpetual annuity (ewige Rente) and were implicitly valued, using a perpetual growth rate in the discount rate, as a geometric-progressive growth series.

b) Valuation Date (Bewertungsstichtag)

Business values are to be determined for a specific point in time. The valuation date determines which cash flows are not to be included because they have already been distributed to the current owners of the company or, respectively, because their utilisation has already been determined. In addition, the valuation date determines from which point in time onwards expected or realised cash flows are to be attributed to the future owners.

The ability of the business to generate profits, which is the basis for the valuation, includes the opportunities which, as of the valuation date, arise from measures already initiated or sufficiently specified in the context of the existing business plan and market conditions.

February 3, 2006, the day of the extraordinary shareholders' meeting of RAS as the transferring company, has been unanimously agreed upon as the valuation date. This date was used as the basis for the determination of the share-exchange ratio.

The technical valuation date (technischer Bewertungsstichtag) was determined to be January 1, 2006. The capitalised earnings values determined for this date were compounded to the valuation date and were used as the basis for the determination of the share-exchange ratio.

The values of separately valued assets which were not compounded already reflect the values as of February 3, 2006.

c) *Structure and Definition of the Businesses Valued*

The businesses to be valued are Allianz and RAS. The valuations of the two companies are based on the respective consolidated business plans of the group according to IFRS for the financial years 2006 until 2008.

The Allianz Group applies IFRS for the external reporting as well as for the consolidated business plans. The scope of consolidation of the planning corresponds largely to the scope of consolidation of the external reporting. In the planning of Allianz Group, the operational units of RAS Group are included fully consolidated while showing the minority share of the outside RAS shareholders of 23.7 %.

In the external annual reporting of RAS Group local accounting standards are being followed. For the quarterly reports from the second quarter 2005 onwards, IFRS are used with regard to which accounting and valuation options are interpreted in accordance with the Italian accounting provisions. For valuation purposes the RAS consolidated financial statements were prepared in accordance with IFRS as interpreted by Allianz Group. The consolidation of the operational units in the business plans of RAS Group corresponds largely to the scope of consolidation in the RAS consolidated financial statements according to IFRS. In the business plans the interest in Allianz Seguros (Allianz Compania de Seguros y Reaseguros S.A.) in Spain was included at equity, whereas until 2004 it was included proportionally (proportional consolidation) in the local GAAP consolidated financial statements of RAS. Interests of third-party shareholders as well as interests of other companies of Allianz Group in the RAS companies are shown as minority interests.

For the description of the assumptions underlying the planning, in addition to the consolidated business plans of both companies to be valued, the business plans of the business segments of Allianz Group and RAS Group are described and explained in the following paragraphs. Controlling and planning for Allianz Group is based on an annual rolling controlling and planning process. The responsibility for the organisation of the planning process lies with the central unit "Group Planning & Controlling" of Allianz.

The core element of this process is a structured management dialogue between Allianz AG and its individual operating units in connection with a reporting process integrated into this dialogue. This is accomplished using a multi-stage rolling process. Two key elements are the so-called "Strategic Dialogue" and the "Planning

Dialogue", with the latter building on the first. While in the Strategic Dialogue strategic orientation is planned and presented, it is in the "Planning Dialogue" that the objectives regarding earnings and capital structure for the next three years are developed.

According to the format used for external reporting, the plans of the operating units developed in the course of the "Planning Dialogue" are eventually consolidated into the four business segments property/casualty, life/health, banking and asset management. In the future, the revenues and expenses in connection with financing, investments and management of Allianz Group (hereinafter: Holding Activities) are to be shown separately. In accordance with the current reporting practice they were allocated to the segment property/casualty in the following presentation in order to facilitate comparability of the planning data with historical data.

The planning of RAS equally cover the four business segments (property/casualty, life/health, banking and asset management) and are included in the planning and controlling process of Allianz Group.

Both Allianz Group companies and RAS Group companies have tax loss carry-forwards which temporarily lead to an exemption from income taxation of Allianz and RAS. Since the tax loss carry-forwards of Allianz cannot be completely used within the detailed planning period, their value was calculated separately and was taken into account as annuity for the determination of the tax burden in the terminal value.

Allianz Group and RAS Group offer stock-based compensation in the form of employee stock options models. The effects of the stock-based compensation plans were considered in the calculation of the financial result.

Non-operating assets were included separately for both companies.

The business values of Allianz and RAS result from the respective capitalised earnings values and the values of separately valued assets.

d) *Analysis of Historical Results*

The basis for the projection of future cash flows is an analysis of historical results, because without knowledge of the results achieved in the years before the valuation date, a projection of future cash flows can hardly be verified as to its plausibility.

The analysis of previous financial years as well as the adjustment of selected positions of the income statements of the companies which were conducted for Allianz and RAS is intended to facilitate the understanding of the basic principles of the respective business plans.

The adjustments made in the course of the analysis of historical results do not affect the determination of the business values, because the respective valuation is based on the results of future financial years. Therefore, the adjusted historical results merely serve the purpose of assessing the plausibility of the business plans.

e) **Business Plans**

The business plans of Allianz and RAS consist of projected income statements. The detailed planning phase covers the period from January 1, 2006, until December 31, 2008. Phase II (terminal value), derived on the basis of the last planning year of the detailed planning period, relates to the financial years from 2009 onwards.

f) **Discount Rate**

Preliminary Remark

The net profit distributions have to be discounted to the valuation date using an appropriate discount rate. Economically, the determination of the capitalised earnings value is a comparison between the profits from the company flowing to the shareholders on the one hand and an alternative investment opportunity on the other hand. The measure of comparison is the cash flow which can be generated with the best alternative capital investment as compared to the object of the valuation. From an economic point of view, the discount rate reflects the opportunity of an investor who compares his investment in a certain company with the return of a respective alternative investment in shares in another company. In this context, the discount rate represents the yield of an adequate alternative investment, if the alternative investment is equivalent to the cash flows which are to be capitalised in respect of duration, risk and taxation (IDW S 1, para. 7.2.4.1).

The basis for the determination of alternative returns can be seen, in particular, in the capital market returns of participations in businesses (in form of share portfolios). According to IDW S 1, no. 125, these share returns are, in principle, to be divided into a risk-free interest rate and a risk premium required by the shareholders because of the assumption of entrepreneurial risk. For this division, capital market models such as, in particular, the so-called Tax-CAPM can be used (cf. IDW S 1, nos. 128 et seq.). The Tax-CAPM allows for explicitly displaying the effects of individual income taxes on the assessment of the risk-free interest rate and the risk premium. This facilitates the consistent consideration of income taxes for the determination of net distributions and of the discount rate.

Risk-Free Interest Rate

The risk-free interest rate has to reflect a risk-free alternative investment, which is equivalent as regards duration, for investment in the business to be valued. In view of their quasi-secure character, in Germany government bonds largely fulfil the requirement of a risk-free investment.

If a company is valued on the assumption of an indefinite life, strictly speaking, the yield to be used as a risk-free interest rate with equivalent maturity as of the valuation date would have to be the yield of a government bond with indefinite maturity. In the absence of such "indefinite" bonds it appears reasonable to choose as a basis the yield of a government bond with a long maturity. For the reinvestment necessary in that case the historical interest rate development or the current yield curve can be taken as an orientation (IDW S 1, no. 127).

The working group "Arbeitskreis Unternehmensbewertung" (AKU) of the IDW has been looking into the issue of how the derivation of risk-free interest rates from the yield curve should be handled (cf. Fachnachrichten des IDW no. 8/2005). In the view of the AKU, in this case, for the determination of objectified business values, the yield curve of government bonds is to be used as a basis. From this bond market yield curve the relation between interest rates and maturities, which would apply to zero bonds without credit default risk, can be derived. The zero bond interest rates with adequate maturity which are derived from the yield curve ensure maturity equivalence (cf. Jonas/Wieland-Blöse/Schiffarth, FB 2004, pp. 647 et seq.). The IDW recommends the use of yield curve data published by the German Central Bank (Deutsche Bundesbank) as a database.

For the smoothing of short-term market fluctuations as well as of possible errors in estimation, in particular with regard to the long-term returns relevant for business valuations, it can be appropriate not merely to refer to the estimated zero bond interest rates as of the valuation date, but to average interest rates. In order to ensure a practicable and comprehensible smoothing, period-specific average interest rates can be derived from the estimated yields of the preceding three months. Accordingly, for the relevant business valuations at hand, the average interest rates of the months September 2005 to November 2005 were used as a basis.

At the end of the valuation process, using the data from the German Central Bank, a risk-free interest rate of approx. 4.0 % resulted (before deduction of individual income tax). On the basis of a standardised income-tax rate of a German shareholder of 35 %, this risk-free interest rate was converted into an interest rate after tax of 2.6 %.

Market Risk Premium

Because of the uncertainties in relation to the risks and opportunities of an entrepreneurial engagement and the future development of cash flows, market participants expect a risk premium to be paid on top of the interest rate of a risk-free investment. In this regard, it is not the subjective risk aversion of individual shareholders which is relevant, but rather the general risk aversion of the market.

From stock returns which are empirically determined in the capital market, risk premiums can be derived with the help of capital market pricing models. Stock returns and risk premiums are generally influenced by income taxes. The Capital Asset Pricing Model (CAPM) in its standard form represents a capital market model in which costs of capital and risk premiums are explained without consideration of the effect of individual income taxes. The so-called Tax-CAPM (cf. Jonas/Löffler/Wiese, WPg 2004, pp. 898 et seq.) extends the CAPM to include the effects of individual income taxes and it allows for reflecting better the different taxation of interest income, dividends and capital gains in Germany. According to this capital market model, the yield of an investment in the so-called market portfolio, which consists of all shares available to the investors, can be calculated from the sum of the risk-free interest rate and the market risk premium – each after consideration of the individual income tax. The market risk premium is calculated on the basis of the yield differential between investments in companies (shares) and in risk-free investments.

Long-term capital market studies have shown that historically, investments in shares have yielded higher returns than investments in low-risk bonds. Depending, among other things, on the chosen observation period, market risk premiums of about 4.0 % to 5.0 % – before considering individual income taxes – can be derived. In this regard, it needs to be noted that in Germany, because of the lower income tax burden of earnings from shares compared to earnings from fixed-income securities, empirically observable after-tax market risk premiums are higher than market risk premiums before consideration of income taxation. On the basis of new research (cf. Stehle, WPg 2004, pp. 906 et seq.), an estimated arithmetic after-tax market risk premium can be shown for the CDAX (Composite German Share Index) of about 6.7 % for the period between 1955 and 2003.

When transferring this historical estimate to future after-tax market risk premiums, a deduction of about 1.0 % to 1.5 % is regarded as permissible (cf. Stehle, WPg 17/2004, pp. 906 et seq.). In consideration of the results of this analysis, an after-tax market risk premium of 5.5 % has been assumed for the present valuation. This after-tax market risk premium is consistent with the recommendations of the IDW, according to which in the case of an application of the Tax-CAPM a market risk premium of about 5.0 % to 6.0 % is to be used.

Beta Factor

According to the Tax-CAPM, the company-specific risk premium results from multiplying the excess return of the stock market as compared to fixed-income securities after income tax ("after-tax market risk premium") and the so-called beta factor. The beta factor reflects the relative risk of a specific share compared to the entirety of all shares (market portfolio). In this regard, a beta factor larger than 1.0 means an above average risk in comparison to the overall market, whereas a beta factor smaller than 1.0 means a risk below average in comparison to the overall market.

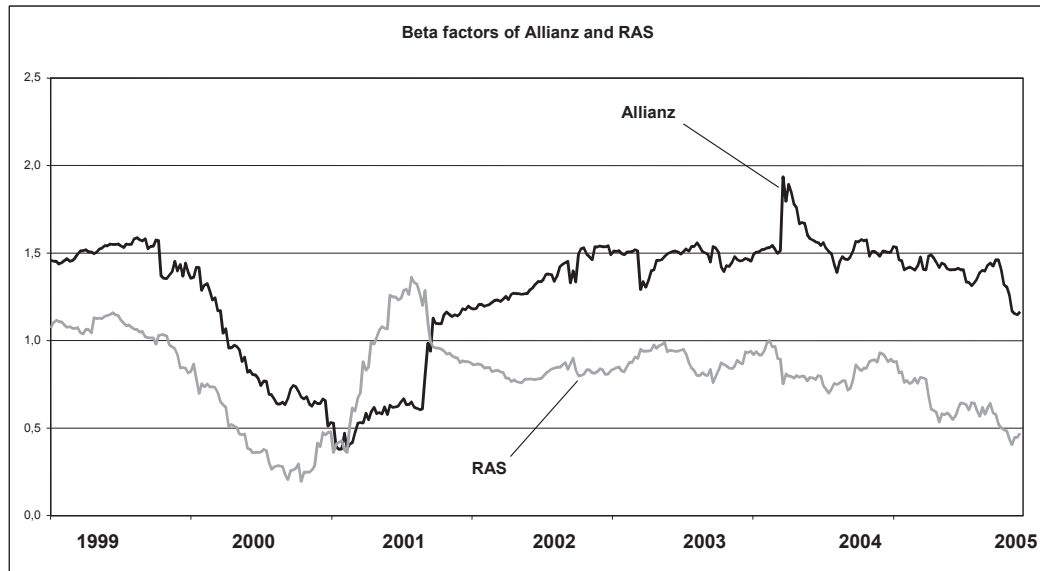
Generally, beta factors are derived as far as possible on the basis of market data by means of regression analysis using historical share price data. If the company to be valued is listed on a stock exchange itself, its own beta factor can be used under certain circumstances. Since it is not the historical but the future beta factor which is relevant for valuation purposes, it needs to be established if the risk expected in the future is comparable to the risk observed in the past.

Alternatively, the average beta factor of a so-called peer group may be used. In this case, it has to be ensured that the companies included in the peer group are comparable with the company to be valued in terms of their systematic risk.

Since share prices observable on the capital market are available for Allianz and RAS as listed companies, these need to be taken into consideration for the derivation of the respective beta factors.

The level of the observed beta factors depends strongly on the chosen parameters – especially the chosen observation period. The beta factors of Allianz and RAS fluctuated strongly in recent years, reflecting changes in the operational risk as well as changes in the investment and financing risk. The development of the unadjusted

beta factors (raw betas) since 1999 is displayed in the following chart. For this purpose, one-year observation periods with weekly observation intervals in relation to broad local indices (Allianz: CDAX and RAS: SPMIB) have been used.



The choice of the reference period for the determination of the beta factors is especially important in light of the strong fluctuation of the beta factors of Allianz and RAS over time. In this regard, it is important to choose a time period as basis for the determination which can also be regarded as being representative for the future risk of the companies. The chosen observation period from 1999 until the end of the valuation process generally seems to be a suitable reference period, as it covers a completed stock exchange cycle. The observation period contains phases of approximately the same length with comparably low beta factors (1999 until mid-2002) and phases with comparably high beta factors (mid-2002 until 2005). Furthermore, since 1999 the risk profile of Allianz group has changed significantly due to successive purchases outside the traditional insurance sector. In so far, the average observable risk during this time period can be regarded as representative for the assessment of future risks.

The beta factor of Allianz amounts to approx. 1.3 during this time period. For RAS, the beta factor amounts to approx. 0.8 during the same period. In the case of RAS, this long term beta factor equals approximately the observed beta factor of the recent past (since 2002). For Allianz, this beta factor is significantly below the observed beta factor for the time between 2002 and the announcement of the merger. In so far it is assumed that in the long run, the beta factor of Allianz will decrease from the high level evident since 2002.

The different beta factors of Allianz (1.3) and RAS (0.8) also appear plausible in light of the respective different risk factors. Allianz and RAS differ with regard to the operational risk, investment risk and financing risk.

For instance, the operational business of Allianz has a higher risk level than the operational business of RAS due to the stronger focus on the banking business and the higher share of industrial insurance.

The structure of the investment portfolio, too, carries a higher risk in the case of Allianz than in the case of RAS, due to the larger proportion of shares. The higher volatility of investments is also reflected in the earnings and the fluctuation of the stock market price of Allianz.

Furthermore, Allianz is showing a higher level of financial leverage in comparison to RAS. Thus, Allianz is exposed to a higher capital structure or financing risk than RAS.

Thus, both the reference period as described above (1999 until 2005) and the difference in the beta factors is justified. This fundamentally higher risk of Allianz is clearly reflected by the historic development of the beta factors of the companies. Consequently, a beta factor of 1.3 for Allianz and of 0.8 for RAS is to be used.

Growth Reduction

Business plans are generally based, as in the present case, on nominal values and reflect increases due to inflation directly in the projected expenses and revenues. A resulting profit growth mostly depends on the extent to which the company is able to shift the increases in costs that are due to inflation to its customers by means of price increases or, respectively, to compensate these cost increases by means of an increase in efficiency. While in the planning phase the profit growth is directly reflected in the values which are to be discounted, a sustained profit growth has to be accounted for in the terminal value by adjusting the capitalisation formula.

Thus, in the case of the companies to be valued, no growth reduction had to be applied for the capitalisation of the results which are projected in detail for the years 2006 to 2008, since revenues and expenses have been planned nominally.

For the financial years from 2009 onwards a growth reduction of 1.5 % was applied. Thus, it is being assumed that, considering the development of revenues and costs, cash flows from the companies will continue to grow in the long-term.

The financing of the growth assumed in the terminal value requires an additional increase in capital for banks and insurance companies. In consideration of these requirements, a profit retention in the amount of the growth rate, applied to the net asset value at the end of the detailed planning period, needs to be taken into account in the terminal value. The net asset value corresponds to the shareholders' equity as shown in the balance sheet less goodwill plus hidden reserves on investments.

Derivation of Discount Rates

On the basis of the previously-described considerations the following calculation of the discount rates results:

Allianz

		Phase I 2006 – 2008	Phase II 2009 onwards
<i>Risk-free interest rate before taxes</i>		4.00 %	4.00 %
<i>Individual income tax</i>	35 %	-1.40 %	-1.40 %
<i>Risk-free interest rate after taxes</i>		2.60 %	2.60 %
<i>Beta factor</i>	1.3		
<i>Market risk premium after taxes</i>	5.50 %		
<i>Risk premium</i>		7.15 %	7.15 %
		9.75 %	9.75 %
<i>Growth reduction</i>			-1.50 %
<i>Discount rate</i>		9.75 %	8.25 %

For Allianz, a discount rate of 9.75 % has been calculated for the financial years 2006 to 2008. For the financial years 2009 onwards, a discount rate of 8.25 % has been derived.

RAS

		Phase I 2006 - 2008	Phase II 2009 onwards
<i>Risk-free interest rate before taxes</i>		4.00 %	4.00 %
<i>Individual income tax</i>	35 %	-1.40 %	-1.40 %
<i>Risk-free interest rate after taxes</i>		2.60 %	2.60 %
<i>Beta factor</i>	0.8		
<i>Market risk premium</i>	5.50 %		
<i>Risk premium</i>		4.40 %	4.40 %
		7.00 %	7.00 %
<i>Growth reduction</i>			-1.50 %
<i>Discount rate</i>		7.00 %	5.50 %

For RAS, a discount rate of 7.00 % has been calculated for the financial years 2006 to 2008. For the financial years 2009 onwards, a discount rate of 5.50 % has been derived.

3. **Valuation of Allianz AG**

a) **Capitalised Earnings Value**

The capitalised earnings value of Allianz was calculated on the basis of the consolidated business plan for the financial years 2006 to 2008. The basis for the consolidated business plan are the business segments property/casualty, life/health, banking and asset management, which are presented in the following.

The presentation of the individual segments corresponds to the presentation in the annual report of Allianz. In the future, the holding activities are to be shown separately. They were allocated to the property/casualty segment in the following presentation in order to facilitate comparability of the planning data with historical data. The Group's budgets and business plan results from the aggregation of the four segments allowing for consolidation items between the segments. From 2006 onwards, the profits from intra-group dividends will be adjusted at the level of the company receiving the dividend. This does not apply, if the company receiving the dividend is a life insurance company with profit participation of the policyholders.

The minority interests shown for the individual segments and for Allianz Group, respectively, include, for the planning period, the savings shares and ordinary shares of RAS acquired in the course of the voluntary cash tender offer and in the course of further purchases. A total of 20.9 % of the RAS shares were acquired additionally.

The aggregation of the segment earnings to the Group earnings is displayed in Annex 1. The derivation of the capitalised earnings value was based on the Group's business plan. For the planning period, constant currency estimates were used. The average exchange rate of the first three quarters of the financial year 2005 was applied.

b) Property/Casualty

The property/casualty segment consists of those companies of Allianz Group which - as primary insurers - operate all branches of property and casualty insurance, the speciality insurance companies as well as the reinsurance companies. The primary insurance business in property/casualty is organised regionally, whereas the speciality insurance business is coordinated internationally. Domestically, the primary insurance business is conducted by the German Property-Casualty Group under the leadership of Allianz Versicherungs-AG. Abroad, the key centres of the property and casualty business are the US, France, Italy, Spain, the UK, Switzerland and Australia. The speciality insurance business includes the international industrial client business under the leadership of Allianz Global Risks Rückversicherungs-AG, the credit insurance business, the travel insurance and assistance services business and the marine and aviation business. The holding activities are also attributed to this segment which, in addition to the reinsurance business for the property/casualty segment, are located in Allianz AG.

The projected income statement of the property/casualty segment for the financial years 2006 to 2008 in comparison to the financial years 2003 to 2005 is shown in the following table:

<i>Property and casualty insurance</i>	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn.	mn	mn	mn	mn	mn
Gross premiums written	43,420	43,780	43,657	44,944	46,929	49,344
Premiums earned (net)	37,277	38,193	38,063	38,718	40,472	42,980
Current income from investments (net)	2,559	3,101	4,552	4,336	4,213	4,164
Insurance benefits (net)	-27,261	-26,650	-26,456	-26,844	-28,349	-30,180
Acquisition costs and administrative expenses (net)	-9,814	-10,360	-10,655	-11,177	-10,855	-11,158
Other operating income/expenses (net)	-364	-305	-1,358	-766	-1,026	-818
Operating Profit	2,397	3,979	4,146	4,267	4,454	4,988
Net capital gains and impairments on investments	6,049	1,488	1,182	1,067	898	801
Trading income (net)	-1,490	-49	-254	4	9	13
Intra-group dividends and profit transfers	676	1,963	1,447	315	96	99
Interest expenses on external debt	-831	-863	-833	-766	-794	-760
Other non-operating income/expenses (net)	0	0	-56	-7	-6	-2
Amortisation of goodwill	-383	-381	0	0	0	0
Earnings from or dinary activities	6,418	6,137	5,632	4,879	4,656	5,138
Taxes	-756	-1,520	-1,269	-1,334	-1,356	-1,607
Minority interests in earnings	-451	-1,151	-898	-600	-574	-605
Net income	5,211	3,466	3,465	2,945	2,726	2,926
Combined ratio	97.0%	92.9%	92.5%	93.2%	93.3%	92.8%

Operating Profit

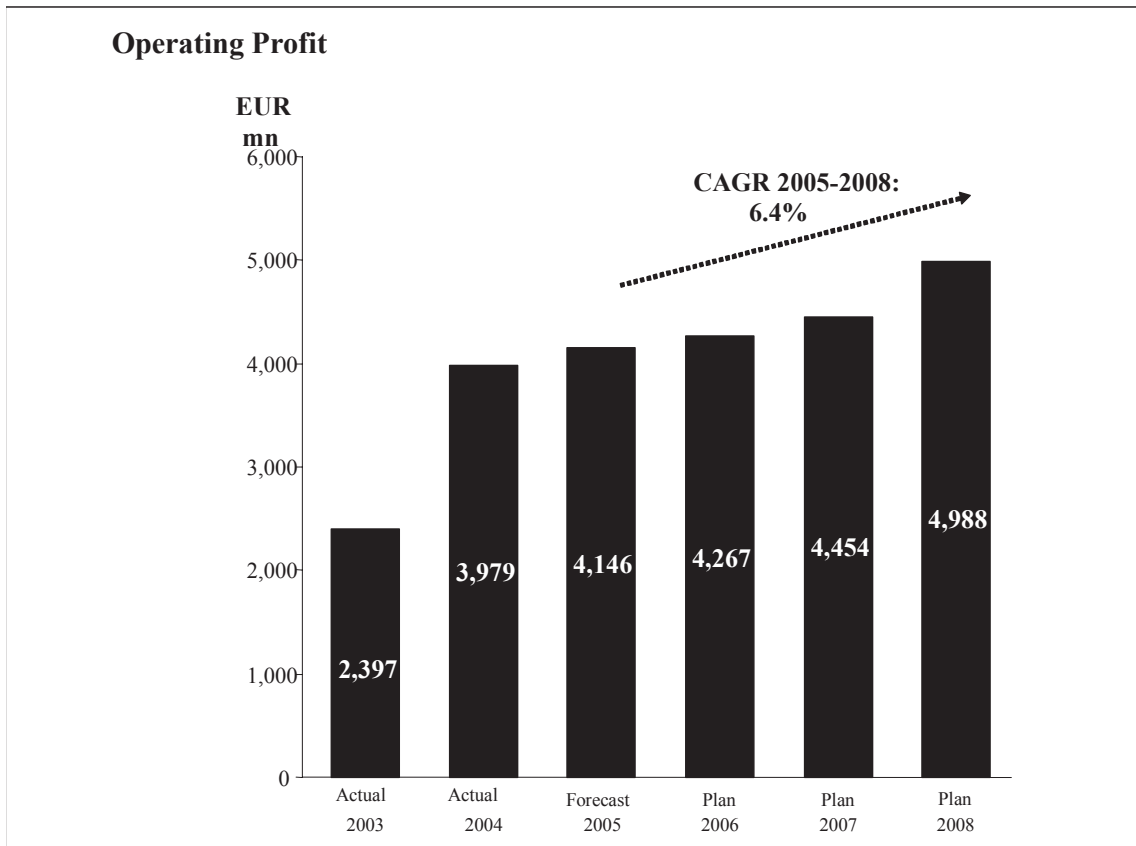
Gross premiums written increased by approx. 0.8 % in 2004. After adjustments for exchange rate and consolidation effects the increase amounts to 2.1 %. The growth was mainly due to price adjustments in Germany, Italy and Switzerland and to growth in new business in Central and Eastern Europe, Australia and Spain. For 2005 a slight decline in premiums is expected. The principal reason for this is the discontinuation of an intra-group reinsurance contract between Allianz Lebensversicherungs-AG and Allianz AG. In addition, exchange rate effects and the sale of the property/casualty business in Canada, Taiwan and Chile in the second half of 2004 have a negative effect on the premium development. Without these effects the growth of the premiums written would be slightly positive.

For the period between 2004 and 2008 an average increase in premiums of approx. 3.0 % p.a. is expected. This is slightly above the average growth, adjusted for extraordinary items, of the years 2003 and 2004.

The administrative expenses for the holding activities are contained in the combined ratio (combined claims- and cost ratio in relation to premiums written). The improvement of the combined ratio of 97.0 % in 2003 to 92.9 % in 2004 was achieved by a disciplined pricing and underwriting policy. In addition, administrative expenses were reduced.

Despite claims expenses of approx. EUR 900 mn (corresponds to approx. 2.4 percentage points of the combined ratio) due to the hurricanes which struck the US and other natural disasters, a lower combined ratio in comparison to the previous year is expected for 2005. In the planning years 2006 to 2008, it is assumed that the claims ratio will rise slightly. According to the planning, this development is to be countered by an improvement of the cost ratio. On the whole, the combined ratio in the planning period amounts to approx. 93 %.

The operating profit for the segment increased in 2004 primarily due to improved underwriting. For 2005, a further improvement of the operating profit is expected. The underwriting result is expected to rise slightly as compared to the previous year, despite the high expenses for natural disasters. Current income from investment will be increased due to higher dividend income. In the planning period from 2006 to 2008 the increase of operating profits will continue due to the growth of net premiums while the combined ratio remains largely stable. The operating profit growth is to be achieved by premium growth and operational improvements fuelled by the sustainability program and the reorganisation initiated in Germany.



Non-operating Result

The result from net capital gains and impairments on investments decreased in the financial year 2004. The decline results from the high level of capital gains in 2003. The latter related, in particular, to the sales proceeds resulting from the reduction of the interests held in Beiersdorf AG, Münchener Rückversicherungs-Gesellschaft AG and Credit Lyonnais S.A. In the financial year 2005 a further reduction of the result from capital gains and impairments is expected which will also continue throughout the planning period.

The significant change in the trading income results, in particular, from the Macro Hedge transaction implemented in 2003 for the protection of the equity portfolio of Allianz Group. This reduced trading income by EUR 1,351 million. In 2005, a loss primarily results from the change of the fair value of derivatives connected to financial transactions conducted in 2005. These changes in value were offset by opposite price developments of DAX 30 shares which are held in an available-for-sale portfolio. These capital gains, however, are not reflected in the periodic result. Similar developments are not expected for the planning period, therefore, there is no significant profit contribution from trading income.

The intra-group dividend payments and profit transfers are lower than in the years 2003 to 2005 due to changes of the consolidation logic in the planning period. Whereas until 2005 the intra-group dividend payments between segments to the property and casualty insurance companies were recognised as income in the property and casualty segment and were consolidated on group level, from 2006

onwards this consolidation will already be done at the level of the property/casualty segment. The changed consolidation logic will have no impact on group earnings.

The integration of the holding activities in the property/casualty segment leads to the external debt being shown in this segment. The interest expenses for external debt are expected to remain mostly stable throughout the planning period.

From the financial year 2005 onwards, goodwill is no longer amortised due to a change in the IFRS accounting rules. This relieved the segment result by EUR 381 million in comparison to the financial year 2004.

Net Income

Despite lower capital gains in 2004, earnings from ordinary activities in 2004 were only slightly reduced due to the improvement in operating profit as well as intra-group dividend payments and profit transfers. The higher operational profitability led to an increase in tax expenses and minority interests in earnings. Overall, the segment net income decreased in 2004 as compared to net income 2003. In 2005, constant results are expected.

Despite a further increase of operating profits, the net income of the segment decreases in the planning period due to the changed consolidation logic and the lower capital gains.

c) Life/Health

On the domestic level, the life/health segment consists, in particular, of Allianz Lebensversicherungs-AG and Allianz Private Krankenversicherungs-AG. Abroad, the key centres of the life and health insurance business are the US, Italy, France, Switzerland and Spain.

The projected income statement of the life/health segment for the financial years 2006 to 2008 in comparison to the financial years 2003 to 2005 is shown in the following table:

<i>Life and health insurance</i>	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn	mn	mn	mn	mn	mn
Statutory premiums	42,319	45,177	47,359	49,413	52,642	56,903
Gross premiums written	20,689	20,716	20,709	21,553	22,426	23,425
Premiums earned (net)	18,701	18,596	18,517	20,498	21,464	22,594
Current income from investments (net)	10,744	10,852	11,313	11,105	11,592	11,759
Insurance benefits (net)	-24,189	-23,845	-24,300	-25,694	-26,573	-27,445
Acquisition costs and administrative expenses (net)	-3,416	-4,039	-3,767	-4,234	-4,495	-4,897
Trading income (net)	218	117	-121	-75	-169	-149
Other operating income/expenses (net)	-793	-263	-120	129	284	409
Operating profit	1,265	1,418	1,521	1,728	2,102	2,271
Net capital gains and impairments on investments	274	282	560	379	244	290
Intra-group dividends and profit transfers	103	163	110	59	19	19
Amortisation of goodwill	-398	-159	0	0	0	0
Other non-operating income/expenses (net)	0	0	-28	-3	-1	-1
Earnings from ordinary activities	1,244	1,704	2,163	2,163	2,364	2,579
Taxes	-639	-469	-387	-626	-715	-781
Minority interests in earnings	-386	-368	-449	-315	-327	-348
Net income	219	867	1,327	1,221	1,322	1,450

Operating Profit

The statutory premiums (including the gross income from the sale of unit-linked and other investment-oriented products) were increased to EUR 45,177 million in 2004. After adjustments for consolidation and exchange rate effects the internal growth amounted to 10.0 %. The additional income was generated particularly through new business in the US, in France and in Germany.

In 2005 the statutory premiums are expected to increase by approx. 4.8 %, due primarily to growth in Germany, Italy, France and the US.

For the period from 2004 to 2008 an average increase of statutory premiums of 5.9 % p.a. is expected. The expected growth is based on the assumption of a continuously increasing share of life insurance in the pension market, especially with investment products.

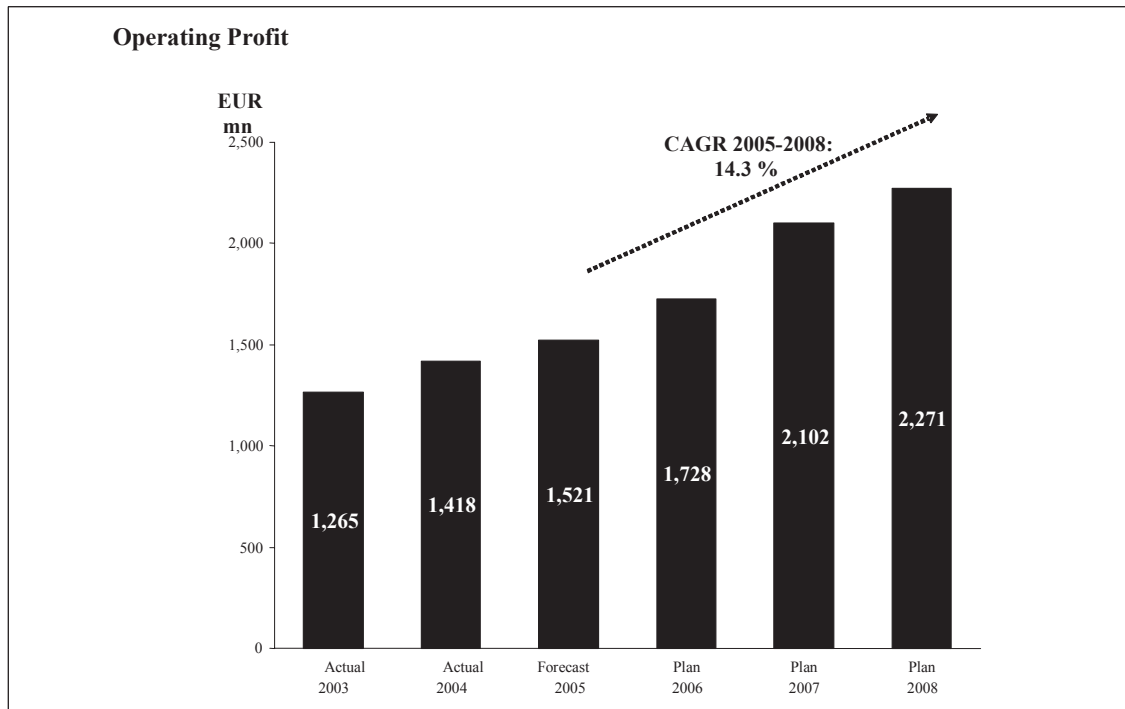
The current income from investments has increased slightly in recent years while the trading income declined. In 2005 a negative trading income is expected, primarily due to impairments on derivatives which are used in the Allianz Life business (USA) with share-indexed life insurance policies. For the coming years a moderate increase of the operating income from investments is expected. With regard to the trading income, the planning estimates a negative value between EUR 75 million and EUR 169 million, resulting primarily from the above-mentioned hedging transactions.

The net insurance benefits slightly decreased in the financial year 2004. In the financial year 2005 a moderate increase is expected. For the period from 2006 to 2008 the growth leads to slightly increasing net insurance benefits.

The increase of acquisition and administrative expenses in the financial year 2004 resulted from higher acquisition costs due to a strong increase in new business in Germany, the US and France. In addition, the value for 2003 contained a higher profit resulting from adjusted calculation assumptions for the recognised acquisition costs ("True-Up"). For 2005, a slight decrease of the acquisition and administrative expenses is expected. For the planning period, slightly increased costs are expected due to the projected growth.

The increase of operating profit in 2004 resulted from the higher business volume and the changed pricing policy with respect to the new business as well as a decrease in insurance benefits. The expected continuing increase in operating profit in the financial year 2005 is primarily due to continued growth. Besides, the results benefit from an improved current income from investments and a favourable development of the acquisition and administrative expenses. In the planning period it is expected that the positive development will continue.

The increase of the other operating income/expenses (net) is caused primarily by the reclassification of certain other operating expenses of Allianz Lebensversicherungs-AG to administrative expenses. The continued increase in the planning results from commission income due to increased business volume.



Non-operating Result

The net capital gains and the net impairments on investments (after consideration of profit participation of policyholders) have stayed relatively stable in 2004. For the financial year 2005 an increase of the net capital gains is expected due to the positive market environment, while for the planning period capital gains on the level of the previous years are expected.

From the financial year 2005 onwards, goodwill is no longer amortised due to a change in the IFRS accounting rules. This relieved the result by EUR 159 million in comparison to the financial year 2004.

Net Income

For the financial year 2005 an increase of earnings from ordinary activities is expected due to the improved operating profit and increased net capital gains. This is further supported by the cessation of goodwill amortisation. A lower tax expense results, in particular, from tax-free profits at several companies, e.g. Allianz Lebensversicherungs-AG, sales of participations in France with preferential tax treatment and a tax refund in the US due to a settlement agreement. Overall a significantly improved net income is expected for the life/health segment in the financial year 2005.

In the planning period it is expected that the earnings from ordinary activities will also develop positively due to the increase in operating profit. However, the normalised tax expense as compared to 2005 will lead to a decrease of net income in 2006. For the remaining planning years an increase of the net income is assumed due to the development of the operating profit.

d) **Banking**

The banking business consists mainly of Dresdner Bank Group. Hitherto, the strategic banking business of Dresdner Bank was divided into the business divisions Personal Banking, Private & Business Banking, Corporate Banking and Dresdner Kleinwort Wasserstein (DrKW). In the future, the business divisions Corporate Banking and Dresdner Kleinwort Wasserstein will be combined in the business unit Corporate & Investment Banking. Besides, the business divisions Personal Banking and Private & Business Banking will be combined in the future in the business unit Private & Business Clients.

The projected income statement of the banking segment for the financial years 2006 to 2008 in comparison to the financial years 2003 to 2005 is shown in the following table:

Banking	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn	mn	mn	mn	mn	mn
Net interest income	2,728	2,359	2,150	2,649	2,662	2,767
Net fee and commission income	2,452	2,593	2,675	2,805	2,929	3,076
Net trading income	1,524	1,494	1,332	1,440	1,571	1,707
Operating revenues	6,704	6,446	6,156	6,894	7,161	7,550
Administrative expenses	-6,086	-5,516	-5,323	-5,295	-5,314	-5,460
Net loan loss provisions	-1,014	-344	38	-314	-374	-377
Operating profit	-396	586	871	1,285	1,473	1,713
Net capital gains and impairments on investments	166	172	523	-12	-4	-11
Restructuring charges	-892	-292	-14	0	0	0
Other non-operating income/expenses (net)	-551	-289	42	-19	-36	-32
Amortisation of goodwill	-263	-244	0	0	0	0
Earnings from ordinary activities	-1,936	-67	1,422	1,253	1,434	1,670
Taxes	1,025	294	-344	-392	-460	-545
Minority interests in earnings	-104	-101	-92	-88	-92	-98
Net income	-1,015	126	987	773	882	1,027

The decrease of operating revenues in 2004 by approx. 3.8 % to EUR 6,446 million is largely due to the sale of the French mortgage bank Entenial in January 2004. The segment therefore now consists to 96 % of Dresdner Bank AG (as regards operating revenues). The discussion below therefore relates to Dresdner Bank AG for the financial years 2006 to 2008 in comparison to financial years 2003 to 2005:

<i>Dresdner Bank as part of Allianz</i>	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn	mn	mn	mn	mn	mn
Net interest income	2,325	2,267	2,092	2,579	2,579	2,676
Net fee and commission income	2,387	2,460	2,527	2,654	2,765	2,887
Net trading income	1,533	1,499	1,298	1,411	1,547	1,683
Operating revenues	6,245	6,226	5,917	6,644	6,891	7,246
Administrative expenses	-5,739	-5,307	-5,130	-5,106	-5,125	-5,271
Net loan loss provisions	-1,015	-337	33	-311	-370	-371
Operating profit	-509	582	819	1,227	1,396	1,604
Net capital gains and impairments on investments	120	166	523	-12	-4	-11
Restructuring charges	-840	-290	-14	0	0	0
Other non-operating income/expenses (net)	-613	-278	48	-10	-25	-19
Amortisation of goodwill	-270	-244	0	0	0	0
Earnings from ordinary activities	-2,112	-64	1,378	1,205	1,368	1,574
Taxes	1,075	288	-332	-378	-440	-516
Minority interests in earnings	-5	-60	-78	-77	-77	-77
Net income	-1,042	164	968	750	850	980
Cost-income-ratio	91.9%	85.2%	86.7%	76.8%	74.4%	72.8%

Operating Revenues

At the beginning of 2003, a portfolio of EUR 35.5 billion of non-strategic assets were combined in the Institutional Restructuring Unit (IRU). The IRU has completed its task earlier than planned on September 30, 2005. The interest income attributed to the portfolio decreased from EUR 500 million in 2003 to EUR 333 million in 2004 and to an anticipated EUR 45 million in 2005. Adjusted for the decrease of the interest income of the IRU for 2005, an expected increase of EUR 113 million or 5.8 % was achieved, particularly due to increasing income at DrKW, higher results of individual shareholdings which are recognised in accordance with the equity method, and higher rental income from real property leased to third parties. The lack of interest income from the IRU in 2006 is supposed to be compensated, amongst others, by the expected increase in structured finance in Corporate & Investment Banking. A moderate increase of the interest income until 2008 is to be achieved by expanding the company financing business and by increasing the volume of deposits of Private & Business Clients.

The commission income in 2004 was characterised, inter alia, by higher commission income in the brokered life insurance business. In 2005, the commission income has developed positively due to the securities business, especially with closed funds, and the capital markets business of DrKW. In the future, commission income is supposed to continue to be increased through increasing commission income from securities business at Private & Business Clients and through a stimulation of the financial advisory service and capital markets business at Corporate & Investment Banking.

The decrease in trading income 2005 was largely caused by the trading in interest and equity products at DrKW in the months April and May 2005. The reason was the difficult capital market environment, triggered, in particular, by the downgrading of ratings of several US corporate bonds. Since June 2005 the business has been

normalising again. In the future the bank intends to continue to focus on the high margin business with complex derivatives and structured transactions.

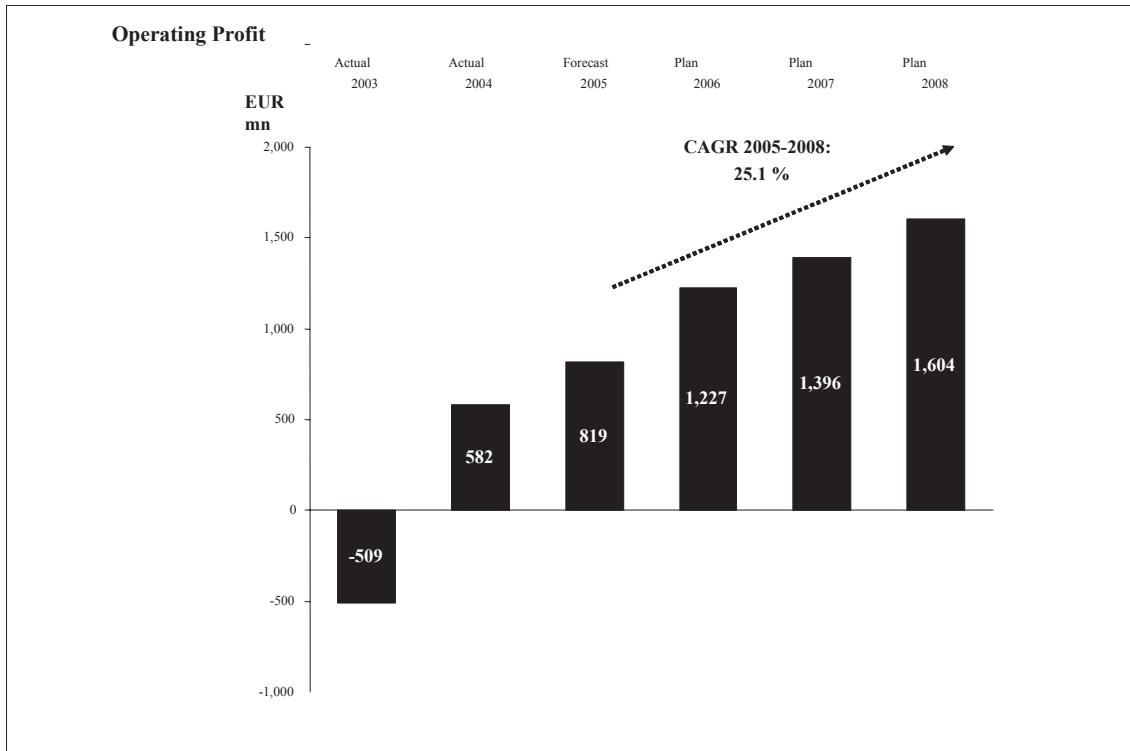
Operating Profit

Administrative expenses could be reduced in 2004 and 2005 through cost reductions and restructurings. These measures reduced personnel costs as a result of a reduced number of employees; in addition, the one-time liquidation of an anniversary reserve in the second quarter 2005 had a positive effect. The material expenses were influenced, in particular, by lower IT costs and lower expenses for office equipment. The liquidation of the IRU portfolio and other rationalisations, especially in the functional areas, are supposed to lead to further reductions of administrative expenses in 2006. For the whole of the planning period, on the basis of the planned profit increases, an increase of performance-related remunerations is expected, especially at DrKW.

The ratio of administrative expenses to operating revenues (cost-income-ratio) was reduced from 91.9 % in 2003 to an estimated 86.7 % in 2005 due to the aforementioned cost reducing measures and is supposed to fall further to 72.8 % until 2008 through the disproportionate increase of operating revenues.

The positive development of loan loss provisions in the credit business in 2004 and 2005 resulted from improved risk management, the absence of large credit defaults and the liquidation of the IRU portfolio. In 2003 and 2004, impairments of EUR 849 million and EUR 174 million, respectively, were taken against the IRU portfolio. It is expected that in 2005 EUR 137 million can be released in the IRU due to fact that less write-offs in connection with the reduction of the loan portfolio were required than originally assumed.

For the years 2006 to 2008 an increase of loan loss provisions to EUR 371 million is expected.



Non-operating Profit

In 2005 further positive profit effects were realised especially due to the transfer of the interest in Münchener Rückversicherungsgesellschaft AG held by Dresdner Bank to Allianz AG amounting to EUR 343 million. In addition, sales profits were generated, amongst others, from the sale of non-strategic participations such as Bilfinger Berger AG and Eurohypo AG.

The restructuring charges could be reduced significantly from EUR 840 million in 2003 and EUR 290 million in 2004 to an estimated EUR 14 million in 2005.

The remaining expenses in 2003 and 2004 related, in particular, to depreciation of IT and real estate.

Since January 1, 2005, goodwill is no longer amortised.

In 2003, the tax result benefited from income from the recognition of tax loss carry-forwards in Germany, which are usable indefinitely. The tax result in 2004, which is high in comparison to the earnings from ordinary activities, was in part due to an intra-group transfer of a subsidiary which led to a one-time tax income of EUR 122 million. Because of the positive taxable result, a tax expense will probably be due again for 2005. The increase of projected income taxes is based on the decrease in tax-free income from sales profits and the sale of the shareholding in Eurohypo AG.

Net Income

The operating profit increases over the whole observation period due to improvements of the cost ratio (cost-income-ratio). Nevertheless, a decrease of the net income is expected for 2006 due to lower sales profits. The continued improvement of the cost ratio is supposed to facilitate an increase of net income until 2008.

e) Asset Management

The segment asset management consists of investment management of third party assets and the Group's own investments as well as the management and marketing of fund products. The asset management activities for third parties are conducted almost entirely by the asset management subsidiary Allianz Global Investors (AGI).

The projected income statement of the asset management segment for the financial years 2006 to 2008 in comparison to the financial years 2003 to 2005 is shown in the following table:

Asset Management	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn	mn	mn	mn	mn	mn
Operating revenues	2,226	2,308	2,665	2,817	3,177	3,558
Operating expenses	-1,510	-1,452	-1,609	-1,738	-1,968	-2,168
Operating profit	716	856	1,056	1,079	1,209	1,390
Acquisition-related expenses	-732	-752	-689	-502	-421	-273
Amortisation of goodwill	-369	-380	0	0	0	0
Earnings from ordinary activities	-385	-275	367	577	788	1,117
Taxes	80	52	-96	-219	-322	-452
Minority interests in earnings	-92	-52	-47	-45	-48	-53
Net income	-397	-275	224	314	418	612
Cost-income-ratio	67.8%	62.9%	60.4%	61.7%	61.9%	60.9%

Operating Profit

In connection with the world-wide positive business development, operating revenues of the segment increased significantly between 2003 and 2005.

As per year-end 2004, Allianz Group's total assets under management amounted to EUR 1.078 billion. Out of this, EUR 585 billion are third party-assets, EUR 477 billion are the Group's own investments and EUR 16 billion are investments from unit-linked life insurance business.

Despite negative exchange rate effects of EUR -31 billion the assets under management for third parties increased by EUR 20 billion compared to the previous year.

Third-party assets were increased to EUR 711 billion until September 30, 2005, whereby the net inflow of funds amounted to EUR 48 billion in the first nine months 2005.

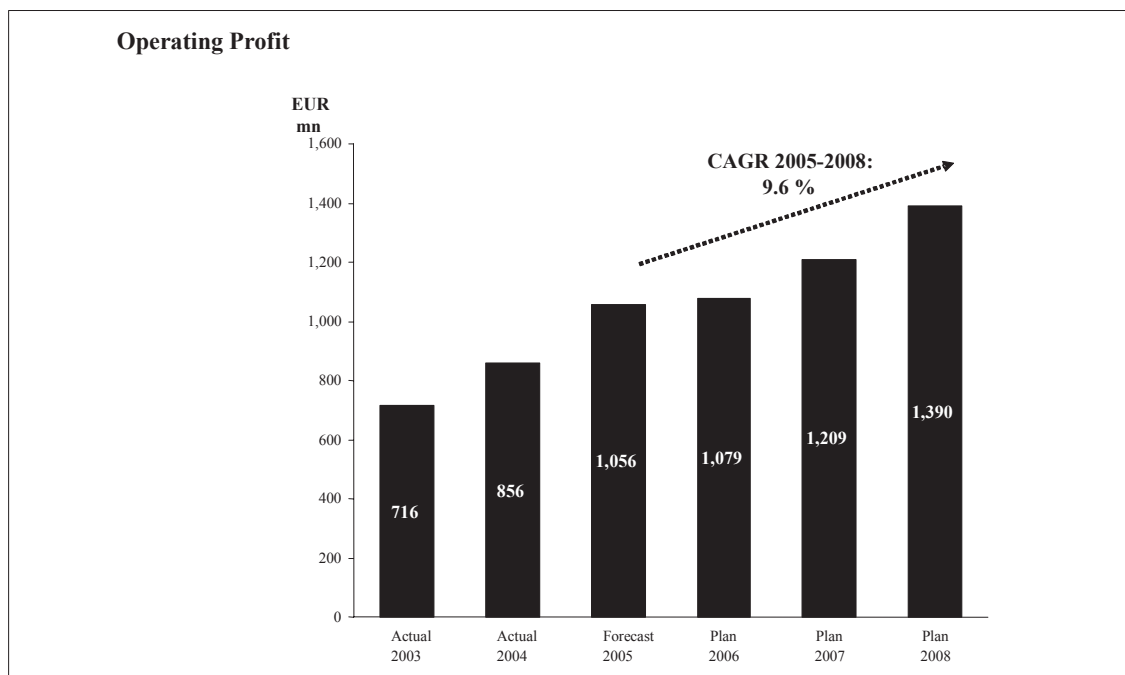
The increase of the operating revenues resulted primarily from the high net cash inflow mainly into interest-bearing products in the US and in Germany and the positive development in the capital markets.

For the years 2005 to 2008 an increase of the operating revenues of an average 10.1 % p.a. is planned for the segment. This increase is supposed to be sustained, in particular, by further net inflows of funds to the assets under management.

The operating profits increased – despite negative currency effects – by EUR 140 million in 2004. The increase of operating expenses was below the revenue growth predominantly due to intensive cost management. This development led to an improvement of the cost-income ratio from 67.8 % in 2003 to 63.0 % in 2004.

In 2005, the increase of the operating expenses continued to be significantly lower than the growth of operating revenues. As a result, the cost-income ratio will probably improve again by 2.6 percentage points to 60.4 % and the operating profit for 2005 is supposed to increase by 23.4 % to EUR 1,056 mn.

In the financial year 2006, a slightly more than average increase of the operating expenses is planned. This increase of the operating expenses is largely due to the planned expansion of the business and investments, e.g. into the European sales and marketing organisation. In the remaining planning period the cost-income ratio is supposed to improve again to 60.9 %.



Non-operating Profit

The result from ordinary activities is negatively affected by acquisition-related expenses following the purchase of Pacific Investment Management Company LLC (PIMCO) and Nicholas Applegate. These contain the purchase plan for class B-units of PIMCO and holding premiums for the management and the employees of PIMCO and Nicholas Applegate and depreciation of activated loyalty bonuses. From 2006 onwards, the acquisition-related expenses will contain, in particular, only effects from class B-units, i.e. payments to the B-unit holders and non-cash expenses pursuant to

IFRS 2 (stock-based compensation). The plan assumes that a purchase of class-B-units will take place as planned.

Due to a change in the IFRS accounting rules, goodwill is no longer amortised from the financial year 2005 onwards. This relieved the earnings before taxes by EUR 380 million in comparison to the financial year 2004.

Net Income

In accordance with the increase of the operating profits, the net income in the planning period increases significantly.

f) Allianz Group

Detailed Planning Phase

The planning of Allianz Group results from the consolidation of the individual plans. The planned results can therefore be derived as follows, based on an interest in RAS of 76.3 %.

Allianz

	2006	2007	2008
	EUR	EUR	EUR
	mn	mn	mn
Property/casualty insurance	4,267	4,454	4,988
Life/health insurance	1,728	2,102	2,271
Banking	1,285	1,473	1,713
Asset management	1,079	1,209	1,390
Consolidated operating profit	8,359	9,239	10,362
Net capital gains and impairments on investments (including investment result, banking and trading income property/casualty)	1,437	1,148	1,093
Interest expenses on external debt	-766	-794	-760
Intra-group dividend payments and profit transfers	374	115	118
Acquisition-related expenses	-502	-421	-273
Other non-operating income/expenses (net)	-29	-44	-35
Consolidation	-373	3	-120
Earnings from ordinary activities	8,499	9,245	10,385
Taxes	-2,571	-2,854	-3,386
Minority interests in earnings	-1,009	-1,025	-1,088
Consolidated net income	4,919	5,366	5,911

The Group's operating profit results from the consolidation of the operating profits of the segments. The non-operating expenses and revenues shown below operating profit have been consolidated at group level.

The consolidation consists mainly of the elimination of intra-group dividend payments and the neutralisation of profits from intra-group transactions. From 2006 onwards the profits from intra-group dividends which are generated in the property/casualty,

banking and asset management segments are eliminated at the level of the company receiving the dividend.

Taking into account the minority interests in earnings and the group tax expenses, a group net income of EUR 4,919 million for 2006, EUR 5,366 million for 2007 and EUR 5,911 million for 2008 is derived.

Terminal Value

The assumptions for the terminal value are largely based on the expected profit situation for 2008. The planned earnings of the terminal value were increased using a perpetual growth rate of 1.5 %.

The financing of the assumed growth in the terminal value requires an additional increase in capital for banks and insurance companies. This is accounted for by profit retentions in the amount of the growth rate, applied to the net asset value of the company at the end of the detailed planning phase.

In contrast to the planned expenses and revenues for the financial year 2008, additional adjustments had to be made to maintainable earnings in the terminal value, as far as expenses and revenues as planned for 2008 are not expected on a long-term basis. Furthermore, the gap between expenses and expenditures and income and cash receipts had to be reflected.

Adjustments necessary with regard to pension expenses and the expected long-term combined ratio have been accounted for in the operating profit.

The cash outflow from share-based compensation plans, the restructuring as well as the normalisation of investment income and interest expenses have all been accounted for in the determination of the net capital gains from investments.

Another adjustment of the maintainable earnings in the terminal value relates to the tax expense, whereby tax loss carry-forwards and tax credits still existing at the end of the detailed planning period had to be considered.

The respective effects of the adjustments on taxes and minorities were accounted for.

The individual adjustments of maintainable earnings in the terminal value are explained in the following:

Pension Obligations

In the terminal value, pension costs have to be included as annuities derived from the present value of future pension payments and not in the amount of planned pension expenses. On the basis of actuarial reports, a forecast for the pension expenses and payments for the financial years 2006 to 2014 has been prepared. Currently and for some time in the future, pension payments are lower than the amounts planned for the annual appropriation to the pension reserves. Therefore, the expected future differences between pension expenses and pension payments had to be calculated. This led to a reduction of pension costs of EUR 62 million compared to the planned pension expense in 2008.

Combined Ratio

The combined ratio of 2004 and 2005 is at a historically low value. The historically low combined ratio was used as the basis for the planning. The uncertainties in the planning, especially as regards extraordinary loss events, were accounted for in the business plan by the management board of Allianz, but they were not attributed to one individual operational unit. The amount of the uncertainties corresponds to an increase of the combined ratio in the terminal value of approx. 2 percentage points.

Net Capital Gains and Net Impairments on Investments

(a) Normalised investment income

The income from investments planned in Phase I result mostly from current interest and dividend income and from realised capital gains from investments. The parameters assumed in respect of the expected yields from various investments differ from the parameters which have been assumed for the derivation of the discount rate. For valuation purposes, however, equivalent assumptions have to be made for the income from investments and the derivation of the discount rate.

In light of this, investment income and interest expenses were normalised on the basis of a risk-free return of 4.0 % p.a. and a capital market return of 8.5 % p.a. before income taxes. After consideration of the investment returns assumed in the detailed planning period, this normalisation of investment returns led to an adjustment of earnings before taxes and minority interests of EUR 1,051 million in the property/casualty segment and EUR 263 million in the life/health segment before profit participation.

(b) Restructuring

In its business plan, Allianz has included cost reductions from restructuring measures. The related restructuring costs were not included in the planning, as detailed measures had not been specified at the time of the preparation of the business plan. The restructuring costs are to be covered by realising hidden reserves in the investments. The restructuring expenses therefore had to be estimated on the basis of the planned volume of cost reductions. They were accounted for as withdrawals from financial investments, lowering future investment income.

(c) Share-based compensation plans

Allianz and other group companies have granted to their employees share-based compensation plans in the past years in form of employees' options, stock appreciation rights and restricted stock units. These financial instruments can lead to future cash outflows and/or value dilution due to the preferential distribution of shares or due to the contractually agreed option payments to the beneficiaries.

The dilution resulting from these financial instruments was valued by using generally accepted methods of financial mathematics (cf. Hull, Options, Futures and Other Derivatives, 5th ed., Prentice Hall, 2002). This led to a reduction of the financial result in the terminal value of EUR 108 million.

Acquisition-Related Expenses

With regard to acquisition-related expenses, the non-cash expenses in the amount of EUR 169 million in connection with the acquisition of the class-B-units of PIMCO had to be adjusted.

Tax Savings From Existing Tax Loss Carry-Forwards and Tax Credits

Allianz AG and various subsidiaries have trade income tax and corporate tax losses carried forward and corporate tax credits. The benefit from using the tax reduction potential has been accounted for in the form of low tax payments in the detailed planning phase. The temporary tax reductions achievable in Phase II (terminal value) were annualised for the terminal value. Compared to the planning year 2008 a decrease of tax expenses by EUR 237 million was calculated.

The result for Allianz for the terminal value from the financial year 2009 onwards can be determined as follows:

Allianz	maintainable 2009 onwards EUR <hr/> mn
Property/casualty insurance	5,301
Life/health insurance	2,305
Banking	1,739
Asset management	<hr/> 1,411
Consolidated Operating Profit	10,756
Net capital gains and impairments on investments (including investment result, banking and trading income property/casualty)	2,282
Interest expenses on external debt	-771
Intra-group dividend payments and profit transfers	120
Acquisition-related expenses	-108
Other non-operating income/expenses (net)	-36
Consolidation	<hr/> -174
Earnings from ordinary activities	12,068
Taxes	-3,721
Minority interests in earnings	<hr/> -1,156
Group Net Income	<hr/> <hr/> 7,192

g) Calculation of the Capitalised Earnings Value

The capitalised earnings value of Allianz AG is the sum of the present values of the results to be capitalised. The results to be capitalised were calculated for the technical valuation date January 1, 2006. Subsequently, these values were compounded with the discount rate to the valuation date, February 3, 2006.

The following summary sets forth the derivation of the capitalised earnings value of the company as of the relevant valuation date:

Allianz	Plan	Plan	Plan	maintainable 2009 onwards
	2006	2007	2008	
	EUR	EUR	EUR	EUR
	mn	mn	mn	mn
Consolidated Net Income	4,919	5,366	5,911	7,192
Profit retention	4,027	4,384	4,831	635
Value contribution from retention	0	0	0	3,471
Value contribution from profit distribution	892	982	1,080	3,086
Standardised income tax on profit distribution	-156	-172	-189	-540
Net income	736	810	891	6,017
Present value factor	0.911	0.830	0.756	9.169
Present values	671	672	674	55,172
Capitalised earnings value as of Jan. 1, 2006	57,189			
Compounding factor		1.009		
Business value as of February 3, 2006		57,687		

For the years 2006 to 2008 a distribution out of net income in the amount of the planned dividend for the respective financial year has been assumed. For the planned dividends an annual increase of 10 % has been assumed on the basis of the budgeted dividend for the financial year 2005 (EUR 2 per share). In accordance with the business plan, in the period from 2006 to 2008, retained amounts are invested in the growth of the operational business in order to increase the group earnings.

In the phase of the terminal value from the financial year 2009 onwards, an assumption is required concerning the utilisation of net income generated of both companies.

Allianz as well as RAS are each listed in the primary stock indices of their home countries. These are, namely, the German stock index DAX and the Italian primary index MIB30. In view of this, it was deemed to be adequate to base the calculation of the maintainable profit distribution on an average dividend distribution rate derived from both stock indices.

According to Wagner/Jonas/Ballwieser (cf. Wagner et al.: "Weiterentwicklung der Grundsätze zur Durchführung von Unternehmensbewertungen (IDW S 1)", Die Wirtschaftsprüfung 17, 2004, 889-906, particularly 894) companies of the German share index DAX reported an average dividend distribution rate of 51.2 % between 1988 and 2003. For the companies listed in the Italian primary index MIB30, however, an average profit distribution rate of 44.7 % was observed. The average dividend distribution rate of the companies contained in the two indices should therefore fluctuate between 47 % and 48 %.

Considering these empirical findings, in the terminal value a dividend distribution rate of approx. 47 % of the freely distributable net income is therefore assumed in the present merger of RAS and Allianz.

Since a reinvestment at the discount rate before corporate taxes can also be shown in the form of a fictitious direct attribution of the retained amounts to the shareholders (leading to the same value), for reasons of simplicity from 2009 onwards retention amounts are attributed directly to the shareholders as value contribution from retention.

The profit distributions are subject to a standardised income tax in the amount of 17.5 % (Halbeinkünfteverfahren).

The net cash flows resulting from the sum of the value contributions from profit retention and profit distribution, the latter less standardised income tax, are capitalised with the discount rate.

As of February 3, 2006, the capitalised earnings value of Allianz is EUR 57,687 million.

h) Separately Valued Assets

Non-operating assets were included separately in the valuation. The value of the non-operating assets cannot be included in the calculation of the capitalised earnings value and was therefore determined separately.

As value contribution from non-operating assets, an amount of EUR 21 million was determined. This comprises primarily the fair values of objects of art. The fair values were derived from the acquisition costs or estimated.

i) Business Value and Value per Share

The business value of Allianz as of February 3, 2006, is calculated from the capitalised earnings value including the value of the separately valued assets:

Derivation of business value of Allianz	EUR mn
Capitalised earnings value as of February 3, 2006	57,687
Separately valued assets	21
	<hr/>
Business value as of February 3, 2006	57,708
	<hr/> <hr/>

As of February 3, 2006, the business value of Allianz therefore amounts to EUR 57,708 million.

The number of outstanding shares of Allianz is 405,615,965 as of February 3, 2006. This leads to a value per share of approx. EUR 142.27.

4. Valuation of RAS S.p.A.

a) Capitalised Earnings Value (Ertragswert)

The capitalised earnings value of RAS Group was calculated on the basis of the consolidated business plans for the years 2006 to 2008. The basis for the consolidated business plans are the segments property/casualty, life/health, banking and asset management which are presented in the following.

The RAS Group is mainly active in Italy, Spain, Switzerland, Austria and Portugal. The shareholdings in Allianz Seguros and in Mondial Group, Switzerland, are not fully consolidated in the business plan, as RAS does not hold majority interests in those companies. The inclusion of those companies is made in accordance to the so-called equity method.

From 2006 onwards, the profits from intra-group dividends will be adjusted at the level of the company receiving the dividend. This does not apply if the company receiving the dividend is a life insurance company with profit participation of the policyholders.

The aggregation of the segment earnings to the group earnings is displayed in Annex 1. The derivation of the capitalised earnings value was performed on the basis of the group's business plan. For the planning period, constant currency estimates were used. The average exchange rate of the first three quarters of the financial year 2005 was applied.

b) Property/Casualty

The projected income statement of the property/casualty segment for the financial years 2006 to 2008 in comparison to the years 2003 to 2005 is shown in the following table:

<i>Property and casualty insurance</i>	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn	mn	mn	mn	mn	mn
Gross premium written	6,242	6,412	6,570	6,796	7,030	7,278
Premiums earned (net)	5,539	5,709	5,922	6,116	6,306	6,527
Current income from investments	540	534	546	525	528	554
Insurance benefits (net)	-4,128	-4,225	-4,291	-4,319	-4,386	-4,499
Acquisition costs and administrative expenses (net)	-1,337	-1,279	-1,591	-1,623	-1,667	-1,716
Other operating income/expenses (net)	-56	-77	205	135	136	126
Operating Profit	558	662	791	833	917	992
Net realized gains and impairments on investments	154	146	99	101	20	23
Trading income (net)	-44	5	-1	1	3	2
Intra-group dividends payments and profit transfers	10	26	63	13	0	0
Other non-operating income/expenses (net)	0	0	0	-1	0	0
Amortisation of goodwill	-40	-38	0	0	0	0
Earnings from ordinary activities	637	800	952	947	940	1,017
Taxes	-258	-207	-235	-253	-267	-287
Minority interests in earnings	-41	-98	-116	-107	-84	-91
Net income	338	495	601	586	590	639
Combined Ratio	97.9%	95.9%	94.3%	92.6%	91.6%	91.0%

Operating Profit

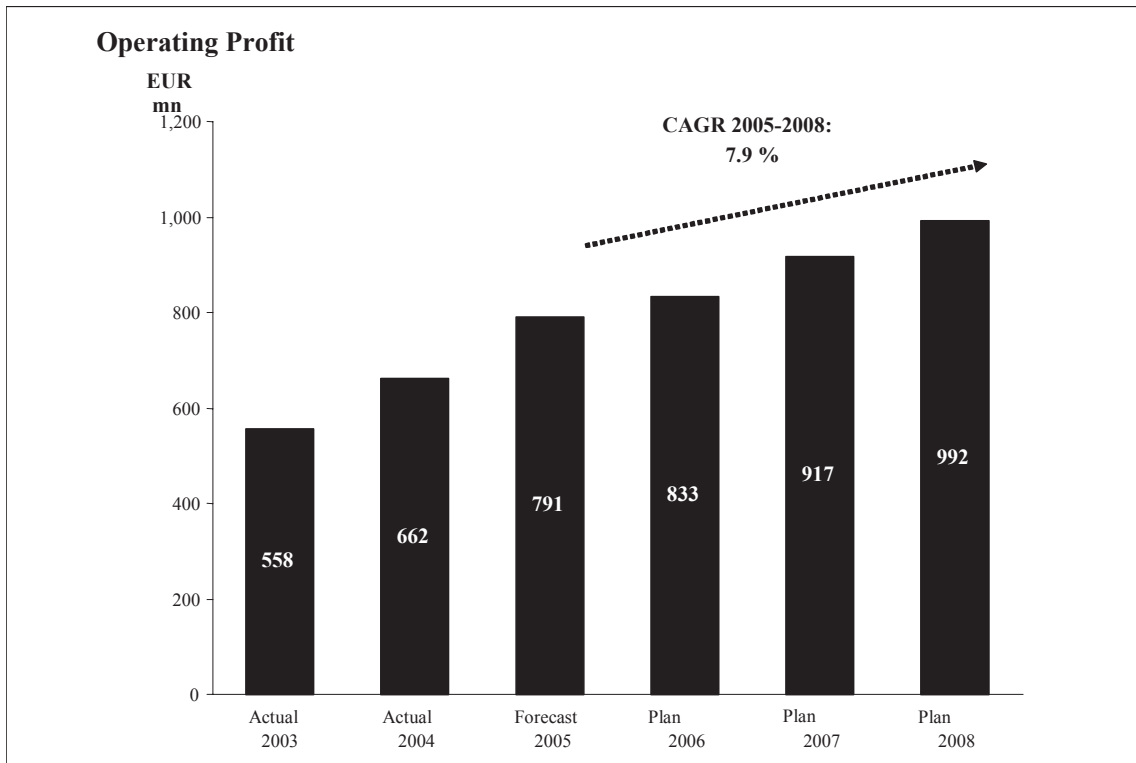
The gross and net premium income could be increased in the years 2003, 2004 and 2005. Especially in the motor line it was possible to increase the premium income in 2004. In the non-motor lines, a focusing on private and business clients took place. In the corporate business, only selective underwriting occurred. This trend has continued in 2005, with the growth in the motor line in Italy weakening, corresponding to the market development which was caused by price pressure and a decline of new registrations.

In the planning period the profitable growth is supposed to continue. The growth of gross premiums is envisaged to amount to 3.5 % p.a. The focus is intended to continue to be on private and business clients. Growth is supposed to occur in the motor as well as in the non-motor lines, with the stronger growth being expected in the non-motor lines in Italy. In the markets outside Italy, significant growth impulses are expected to arise also from the motor line.

Based on a more restrictive underwriting policy, the claims ratios in the motor line could be reduced significantly in the years 2003 to 2005. This is reflected in the decreased combined ratio which has improved from 97.9 % in 2003 to 94.3 % in 2005. In the planning period it is expected that the claims ratio will decrease further due to the measures introduced, especially in the course of the sustainability program. The cost ratio is supposed to decline slightly due to the planned growth and the cost reduction measures that have been initiated. In total, the combined ratio for the segment property/casualty is expected to improve from 92.6 % in the financial year 2006 to 91.0 % in the financial year 2008.

Current income from investments has essentially remained stable in the years 2003 to 2005 with overall decreasing interest rate levels. In the planning period, current income from investments develops in parallel to the business volume.

Due to increases in volume, a positive development of claims and improvements in the cost structures, operating profit has improved in 2004 and 2005. This development is supposed to continue in the planning period.



Non-Operating Profit

The profit contribution from the net capital gains and net impairments on investments decreased significantly in the financial year 2005. In 2006, a realisation of valuation reserves in real property in an amount of approx. EUR 70 million is planned. For the remaining time of the planning period almost unchanged realised gains on a low level are assumed.

The intra-group dividend payments and profit transfers shown are lower in the planning period due to changes of the consolidation logic. Whereas until 2005 the intra-group dividend payments between segments to the property and casualty insurance companies were recognised as a profit in the property and casualty segment and were consolidated on group level, from 2006 onwards this consolidation will already occur at the level of the property/casualty segment. The changed consolidation logic will have no impact on group earnings.

Due to a change in the IFRS accounting rules, goodwill is no longer amortised from the financial year 2005 onwards. This relieves the segment earnings by EUR 38 million in comparison to the financial year 2004.

Net Income

In 2004 and 2005 it was possible to increase net income in comparison to the respective previous year, corresponding to the operating profit. The net income of 2006 will be slightly smaller due to the consolidation effect in connection with intra-group dividends. In 2007 the increase of operating profits will mostly be compensated by the decrease in the realised capital gains. In 2008, net income is expected to increase due to the increase of the operating profit.

c) **Life/Health**

The projected income statement of the life/health segment for the financial years 2006 to 2008 in comparison to the years 2003 to 2005 is shown in the following table:

<i>Life and Health Insurance</i>	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
Statutory premiums	9,260	8,419	8,449	7,725	7,946	8,303
Gross premiums written	1,975	1,869	1,958	1,980	1,989	2,031
Premiums earned (net)	1,867	1,774	1,862	1,877	1,885	1,925
Current income from investments	1,080	1,101	1,139	1,123	1,132	1,132
Insurance benefits (net)	-2,368	-2,144	-2,242	-2,247	-2,276	-2,254
Acquisition costs and administrative expenses (net)	-428	-498	-543	-534	-522	-565
Trading income	-84	21	-11	-4	-1	-1
Other operating income/expenses (net)	162	61	117	129	135	129
Operating profit	229	315	321	343	353	366
Net capitalized gains and impairments on investments	50	20	73	15	16	17
Intra-group dividend payments and profit transfers	45	73	94	0	0	0
Amortisation of goodwill	-9	-11	0	0	0	0
Earnings from ordinary activities	313	398	489	358	369	383
Taxes	-85	-86	-101	-97	-97	-97
Minority interests in earnings	-43	-47	-54	-73	-76	-79
Net income	185	265	334	189	196	207

Operating Profit

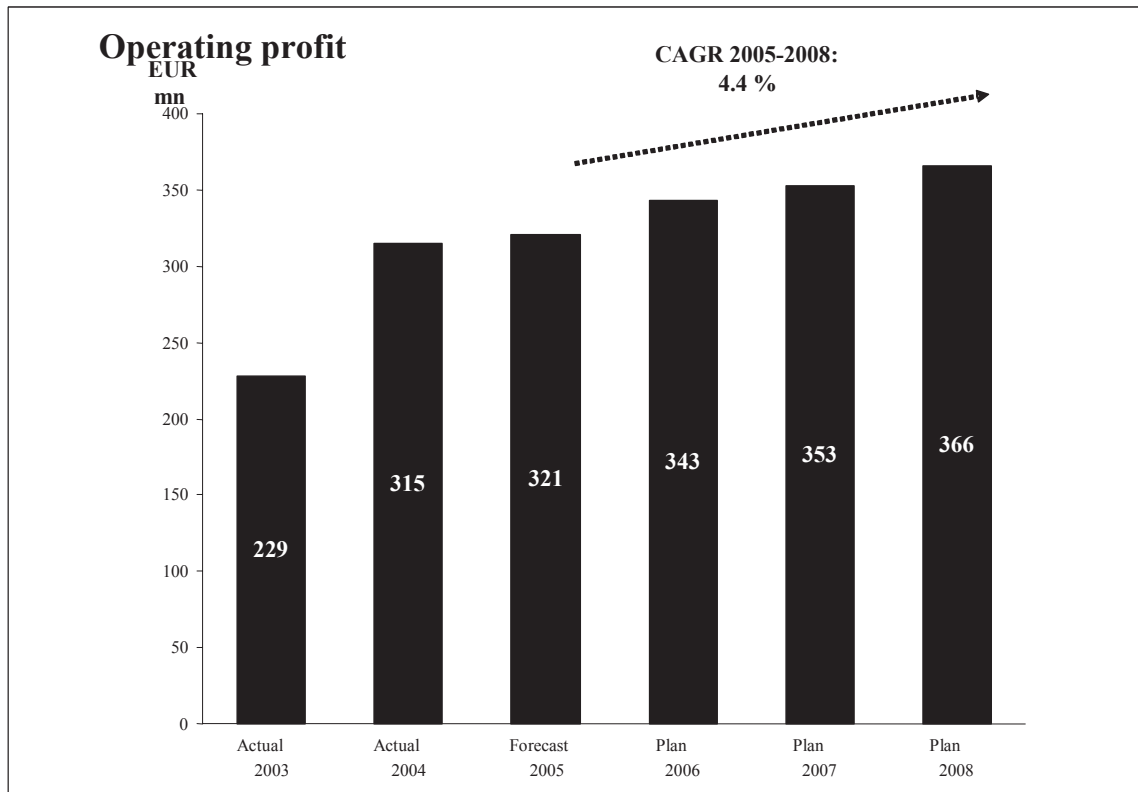
In 2004 and 2005, market growth in Italy was significantly weaker than in the years before, where sometimes double digit market growth was noted. In 2004, total premium income for RAS decreased in comparison to the previous year. This is primarily due to the decline of sales in the Bankassurance-Joint-Venture Credit Ras Vita with Unicredit in Italy. An increased business volume through agents and financial advisors could only partially compensate this decline. In the financial year 2005, a slight increase of premium volumes is expected.

The growth of net premiums earned in 2005 is based on a strong increase of the business with traditional products. In the planning period a similar development of the net premiums from unit-linked and traditional business is expected.

Current income from investments could be improved due to increased volumes. In the planning period, a largely constant current income from investments is expected due to a low level of interest rates.

Costs have increased slightly more than proportionately in the period from 2003 to 2005. For the planning period, costs are supposed to remain largely constant.

In the years from 2003 to 2005, the insurance benefits are influenced, amongst others, by shifts in the product portfolio. This will continue in the planning period. In addition to the business development as a whole, the shifting of shares in the new business in Italy from unit-linked to traditional insurance products is also reflected here; this also influences the portfolio structure.



Non-Operating Profit

The profit contribution from net capital gains and net impairments on investments decreased in the financial year 2004. In 2005 an increase is noticeable, resulting mainly from the realisation of capital gains from shares. For the planning period, an almost constant income from realised capital gains on a significantly lower level than in 2005 is expected.

From 2006 the profits from intra-group dividends will be adjusted at the level of the company receiving the dividend. This does not apply if the company receiving the dividend is a life insurance company with profit participation of the policyholders.

Due to a change in the IFRS accounting rules, goodwill is no longer amortised from the financial year 2005 onwards. This relieves the segment earnings by EUR 11 million in comparison to the financial year 2004.

Net Income

In 2004 the net income could be increased in comparison to the previous year, corresponding to the operating profit. A significant increase due to net capital gains is noticeable in 2005. In the planning years the net income increases continuously with operating profit, however, on a significantly reduced level as compared to 2005, since intra-group dividends will already be consolidated at the segment level.

d) Banking

The banking business is primarily operated by RasBank S.p.A. Rasbank S.p.A. has the third-largest network of financial advisors in Italy, who broker financial products, life insurance products and fund products.

As a direct bank, RasBank S.p.A. is offering to its customers internet and telephone supported banking, brokerage and funds trading systems. In addition, mortgages and personnel loans are also being brokered.

The projected income statement of the banking segment for the financial years 2006 to 2008 in comparison to the years 2003 to 2005 is shown in the following table:

<i>Banking</i>	Actual	Actual	Forecast	Plan	Plan	Plan
	2003	2004	2005	2006	2007	2008
	EUR	EUR	EUR	EUR	EUR	EUR
	mn	mn	mn	mn	mn	mn
Interest income	11	18	5	16	25	25
Fees and commission income	104	116	136	141	156	178
Trading income	-11	11	26	19	12	12
Operating revenues	103	145	167	177	193	215
Administrative expenses	-111	-150	-144	-141	-140	-136
Loan loss provisions	-1	-3	0	0	0	0
Operating profit	-9	-7	23	35	53	79
Other non-operating income/expenses (net)	-15	-5	-8	-8	-9	-10
Amortisation of goodwill	2	0	0	0	0	0
Earnings from ordinary activities	-22	-13	15	27	44	69
Taxes	14	10	-8	-13	-19	-28
Net income	-8	-3	6	15	25	42
Cost-income-ratio	108.3%	102.9%	86.4%	80.0%	72.5%	63.2%

Operating Revenues

The increase in interest income in 2004 is primarily due to the increase in customer deposits. The further development between 2006 and 2008 reflects, on the one hand, generally lower interest rates and, on the other hand, a further expansion of the business.

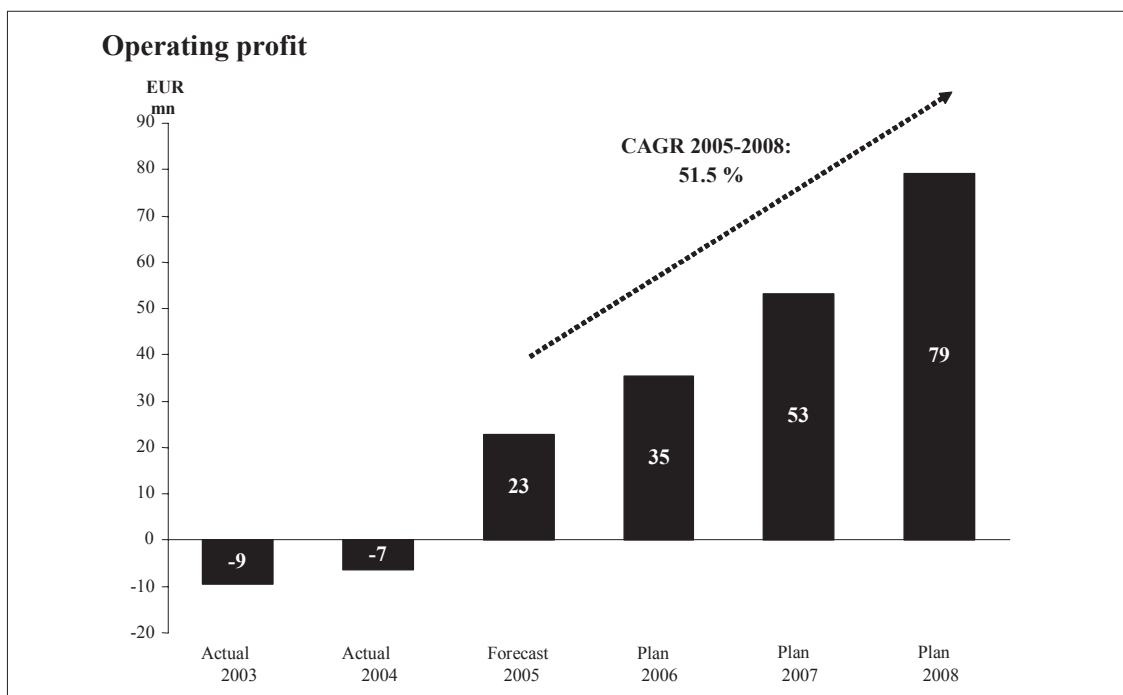
The commission income in 2004 and 2005 was mainly characterised by adjusted fees for the marketing of investment funds and life insurances. In addition, the integration of the sales organisation of Banca BNL Investimenti S.p.A. and Commerzbank Asset Management Italia S.p.A. is taking effect here. In the future, a higher commission income is supposed to be achieved especially due to increasing transaction volumes and the abolition of integration-related commission expenditures.

Operating Profit and Earnings from Ordinary Activities

The increase in administrative expenses in 2004 is due to investment activity which is intended to support the planned growth. In the planning, constant administrative expenses are expected.

For 2005 already, an improved ratio of administrative expenditures to operating profits (cost-income-ratio) is expected. It is intended to decrease the cost-income-ratio from about 80 % in 2006 to about 63 % in 2008. This is especially due to the increase of commission income in the planning years.

The remaining expenditures in 2003 and 2004 were related, in particular, to integration costs of Commerzbank Asset Management Italia S.p.A. and Banca BNL Investimenti S.p.A.



Net Income

Net income is supposed to increase in the planning period corresponding to the improvement of the operating profit.

e) Asset Management

In the asset management segment, Ras Asset Management Sgr. S.p.A. offers an extensive funds portfolio of money market, bond and equity funds with globally, regionally or sector specific focus. Investitori Sgr. S.p.A. offers private customers individual wealth management.

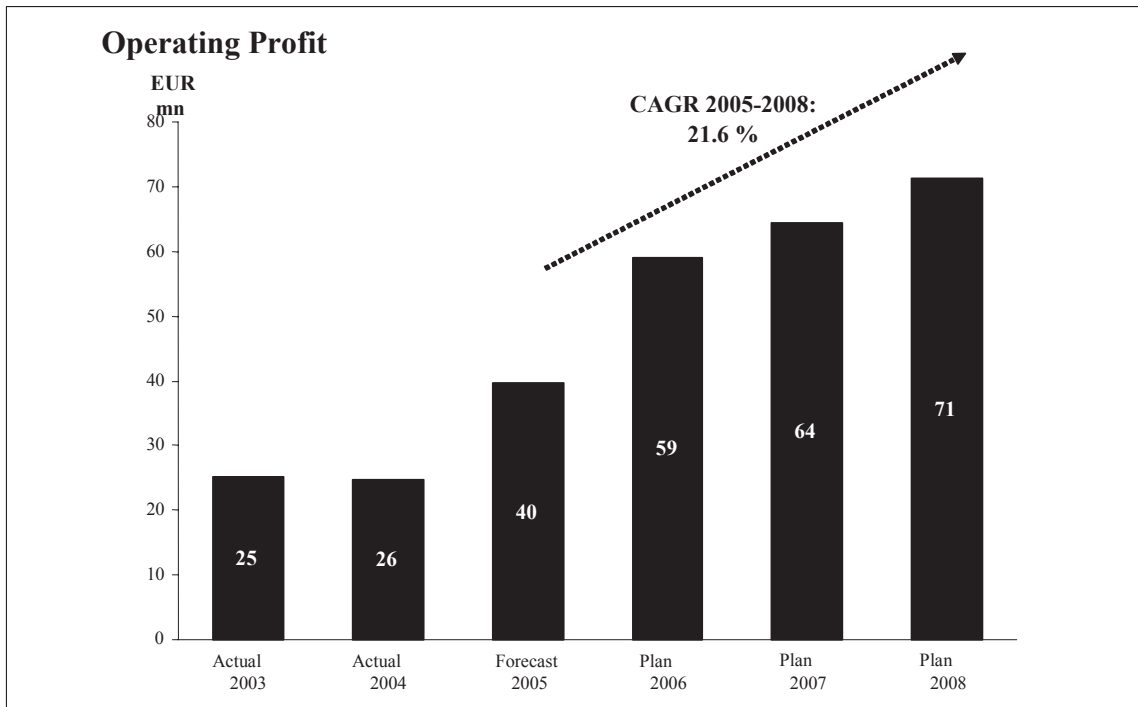
The projected income statement of the asset management segment for the financial years 2006 to 2008 in comparison to the years 2003 to 2005 is shown in the following table:

Asset Management

	Actual 2003	Actual 2004	Forecast 2005	Plan 2006	Plan 2007	Plan 2008
	EUR	EUR	EUR	EUR	EUR	EUR
Operating revenues	72	63	94	116	124	133
Operating expenses	-47	-38	-55	-57	-59	-62
Operating profit	25	26	40	59	64	71
Amortisation of goodwill	1	0	0	0	0	0
Earnings from ordinary activities	26	26	40	59	64	71
Taxes	-10	-10	-16	-21	-23	-25
Minority interests in earnings	0	0	0	-4	-4	-4
Net income	16	16	23	34	37	41

Commission income in 2004 and 2005 was mainly characterised by rising income from the management of investment funds, largely due to the increase of the underlying volumes. In the future, a further increase is to be achieved by means of a continuously increasing volume of assets under management.

In the years 2003 to 2005, the cost-income-ratio has improved by approx. seven percentage points due to the increased volume. This positive development is supposed to continue in the planning period.



Net Income

Net income is supposed to increase continuously in the planning period due to the increase of the volume of managed assets.

f) **RAS Group****Detailed Planning Phase**

The group planning of RAS is derived by summing up the segment plans. The planning results can therefore be derived as follows:

RAS

	2006	2007	2008
	EUR	EUR	EUR
	mn	mn	mn
Property/casualty insurance	833	917	992
Life/health insurance	343	353	366
Banking	35	53	79
Asset management	59	64	71
Consolidated Operating Profit	1,271	1,387	1,508
Net realized gains and impairments on investments (including trading income property/casualty)	116	39	42
Intra-group dividend payments and profit transfers	13	0	0
Other non-operating income/expenses (net)	-9	-9	-10
Earnings for ordinary activities	1,391	1,417	1,541
Taxes	-383	-405	-437
Minority interests in earnings	-184	-163	-175
Consolidated Net Income	824	848	929

The group's operating profit as presented above results from the consolidation of the operating profits of the segments. Non-operating expenses and income were shown consolidated at group level.

Until 2005, consolidations consisted mainly of the elimination of intra-group dividend payments and the neutralisation of profits from intra-group transactions. From 2006 onwards the profits from intra-group dividends are adjusted for at the level of the company receiving the dividend.

Taking into account minority interests and consolidated tax expenses, the consolidated net income is determined.

Terminal Value

The derivation of the terminal value is mainly based on the expected earnings for 2008. The planned earnings of the terminal value were increased using a perpetual growth rate of 1.5 %.

The financing of the assumed growth in the terminal value is accounted for by profit retentions in the amount of the growth rate, applied to the net asset value at the end of the detailed planning phase.

In contrast to the planned expenses and revenues for the financial year 2008, additional adjustments had to be made to maintainable earnings in the terminal value, as far as expenses and revenues as planned for 2008 are not expected on a long-term basis.

In particular, an adjustment to the combined ratio and a normalisation of the investment income have been made.

The individual adjustments for the maintainable result are presented as follows:

Combined Ratio

The combined ratio has decreased in the financial years from 2003 and is supposed to continue to decrease in the detailed planning period. Due to imponderabilities in the planning, especially as regards extraordinary losses, an adjustment of the combined ratio in the amount of 2.0 % has been allowed for in the terminal value.

Investment Income

(a) Normalised investment income

The income from investments planned in Phase I result mostly from current interest and dividend earnings and from realised capital gains from investments. The parameters assumed in respect of the expected yields from various investments differ from the parameters which have been assumed for the derivation of the discount rate. For valuation purposes, however, equivalent assumptions have to be made for the profits from investments and the derivation of the discount rate.

In light of this, investment income and the interest expenses were normalised on the basis of a risk-free return of 4 % p.a. and a capital market return of 8.5 % p.a. before income taxes. After consideration of the investment return assumed for the detailed planning period, this normalisation of investment returns led to an adjustment of earnings before taxes and minority interests of EUR 319 million in the property/casualty segment and EUR 89 million in the life/health segment.

(b) Share-based compensation plans

In 2005, RAS has granted to its employees share-based compensation plans in the form of employee options. The resulting dilution was determined using generally accepted methods of financial mathematics (cf. Hull, Options, Futures and Other Derivatives, 5th ed., Prentice Hall, 2002). This fact was accounted for by decreasing the investment income in the terminal value by EUR 0.3 million on group level.

Thus, the earnings determined for the terminal value of RAS from the financial year 2009 onwards can be presented as follows:

RAS	maintainable 2009 onwards EUR <u>mn</u>
Property/casualty insurance	844
Life/health insurance	371
Banking	80
Asset management	<u>72</u>
Consolidated Operating Profit	1,368
Net realized gains and impairments on investments (including trading income property/casualty)	451
Other non-operating revenues/expenses (net)	<u>-10</u>
Earnings from ordinary activities	1,809
Taxes	-492
Minority interests in earnings	<u>-222</u>
Consolidated Net Income	<u><u>1,094</u></u>

g) *Calculation of the Capitalised Earnings Value*

The capitalised earnings value of RAS is the sum of the present values of the earnings to be capitalised. The earnings to be capitalised were calculated as of the technical valuation date January 1, 2006. Subsequently, these values were compounded with the discount rate to the valuation date February 3, 2006.

The following overview shows the derivation of the capitalised earnings value of the company as of the relevant valuation date:

RAS	Plan	Plan	Plan	maintainable 2009onwards
	2006	2007	2008	
	EUR	EUR	EUR	EUR
	mn	mn	mn	mn
Consolidated net income	824	848	929	1,094
Profit retention	173	133	142	106
Value contribution from profit retention	0	0	0	523
Value contribution from profit distribution	651	716	787	465
Standardised income tax on profit distribution	-114	-125	-138	-81
Net income	537	591	650	907
Present value factor	0.935	0.873	0.816	14.842
Present values	502	516	530	13,457
Capitalised earnings value as of Jan. 1, 2006	15,005			
Compounding factor		1.006		
Business value as of Feb. 3, 2006		15,100		

For the years from 2006 to 2008, distributions out of net income in the amount of the planned dividend for the respective financial years have been assumed. For the dividend planning an annual increase of 10 % was assumed, based on the budgeted dividend for the financial year 2005. In accordance with the business plan, in the period from 2006 to 2008, retained amounts are invested in the growth of the operational business in order to increase the group earnings.

For the phase of the terminal value from the financial year 2009 onwards, an assumption is required concerning the utilisation of net income generated by both companies.

As for Allianz, for the terminal value of RAS a standardised dividend distribution rate of approx. 47 %, based on the freely distributable net income, was assumed (cf. paragraph 4 g)).

Since a reinvestment at the discount rate before corporate taxes can also be shown in the form of a fictitious direct attribution of the retained amounts to the shareholders (leading to the same value), for reasons of simplicity from 2009 onwards retention amounts are attributed directly to the shareholders as value contribution from retention.

The profit distributions are subject to a standardised income tax in the amount of 17.5 % (Halbeinkünfteverfahren).

The net income resulting from the sum of the value contributions from profit retention and profit distribution, the latter less standardised income tax, is capitalised with the discount rate.

As of February 3, 2006, the capitalised earnings value of RAS is EUR 15,100 million.

h) Separately Valued Assets

Non-operating assets were included separately in the valuation. The value of the non-operating assets cannot be included in the calculation of the capitalised earnings value and was therefore determined separately.

As value contribution from non-operating assets, an amount of EUR 5 million was determined. This comprises primarily the fair values of objects of art. The fair values were derived from the acquisition costs or estimated.

i) Business Value and Value per Share

The business value of RAS as of February 3, 2006, is calculated from the capitalised earnings value including the value of the separately valued assets:

Derivation of business value of RAS	EUR mn
Capitalised earnings value as of February 3, 2006	15,100
Separately valued assets	<u>5</u>
Business value as of February 3, 2006	<u><u>15,105</u></u>

As of February 3, 2006, the business value of RAS is EUR 15,105 million.

The number of outstanding RAS ordinary shares and RAS savings shares as of February 3, 2006, amounts to 672,227,004. This leads to a value per RAS ordinary share, respectively per RAS savings share, of approx. EUR 22.47.

5. Share-Exchange Ratio

On the basis of the business valuations of Allianz AG and RAS S.p.A. described above, as of the valuation date February 3, 2006, the following share-exchange ratio results:

	<i>RAS S.p.A.</i>	<i>Allianz AG</i>
<i>Business value (EUR mn.)</i>	57,708	15,105
<i>Number of shares (pieces)</i>	405,615,965	672,227,004
<i>Value per share (EUR)</i>	142.27	22.47
<i>Share exchange ratio</i>	0.1579	1

On the basis of the business valuations performed and the mathematically derived relation of values, the following share-exchange ratio results: For 19 RAS ordinary shares, respectively for 19 RAS savings shares, RAS shareholders will receive 3 Allianz shares. This corresponds to a rounded share-exchange ratio of 1 to 0,1579.

6. Concluding Statements

RAS intends to transfer the entirety of its assets and liabilities to Allianz pursuant to the provisions of the SE Regulation in connection with the provisions of the German Transformation Act (*Umwandlungsgesetz*) (merger by acquisition). As consideration for their RAS shares, the outstanding shareholders of RAS will receive shares of Allianz SE. Upon the effectiveness of the merger, Allianz AG adopts the legal form of a European Company. Our valuations serve the purpose of determining the adequate share-exchange ratio in the context of the merger.

The valuation of Allianz and RAS was based on the "Standards for Carrying out Business Valuations" (IDW S 1, as of October 18, 2005) of the Institute of Public Auditors in Germany and the capitalised earnings value method (*Ertragswertverfahren*) was applied.

The valuation date is February 3, 2006, the day of the shareholders' meeting of the transferring company RAS which is to resolve upon the intended merger.

For the determination of the earnings to be capitalised, the business plans of both companies for the financial years 2006 to 2008 were used as a basis.

From the financial year 2009 onwards, we have calculated an average maintainable distributable result which was based on the adjusted result of the last year of the business plan. The principal adjustments were the inclusion of a growth factor of 1.5 % as well as the normalisation of investment income and of the combined ratio.

For the calculation of the discount rate we have assumed a long-term market yield for low-risk securities of issuers with the best credit ratings of 4.0 % before tax and 2.6 % after tax, which can also be expected for the future.

On the basis of the CAPM (Capital Asset Pricing Model) and, respectively, considering the income tax effects in Germany, on the basis of the Tax-CAPM, the risk premium was determined to be 7.15 percentage points for Allianz and 4.40 percentage points for RAS. For the discounting of the expected results for the financial years 2006 to 2008 a discount rate of 9.75 % for Allianz and of 7.00 % for RAS was established. For the years from 2009 onwards it has been assumed that the companies will be able to increase their result with an annual rate of 1.5 % (growth reduction).

The resulting business values as of February 3, 2006, are as follows:

- *Allianz : EUR 57,708 million*
- *RAS: EUR 15,105 million*

Accordingly, the value per share is as follows:

- *Allianz: EUR 142.27*
- *RAS: EUR 22.47 per ordinary share or savings share*

*This results in a mathematically determined relation of the business values of RAS and Allianz of **0.2617 : 1**, as well as a share-exchange ratio of **19 RAS ordinary shares to 3 Allianz shares, respectively 19 RAS savings shares to 3 Allianz shares.***

Signature Page
to the Merger Report
on the Merger
of RIUNIONE ADRIATICA DI SICURTÀ Società per Azioni
into Allianz Aktiengesellschaft
for the Formation of Allianz SE

Munich, December 21, 2005

signed Michael Diekmann

signed Dr. Paul Achleitner

signed Detlev Bremkamp

signed Jan R. Carendi

signed Dr. Joachim Faber

signed Dr. Reiner Hagemann

signed Dr. Helmut Perlet

signed Dr. Gerhard Rupprecht

signed Dr. Herbert Walter

signed Dr. Werner Zedelius

Attachment 1:

**Key Indicators on the Balance Sheets and Income Statements
of Allianz Group and RAS Group for the Financial Years 2004 and 2003
and as per September 30, 2005
Taking into Account the Amended Accounting Standards**

For information purposes, set forth below are the effects of the changes to the accounting and valuation standards in the financial year 2005, as described in chapter II.1.c)(gg)(2) of the merger report, as they impact the asset situation, the financial situation as well as the income situation. The figures are based on the new and amended IFRS standards for these financial years and are marked "IFRS 2005" in the following tables.

I. Allianz AG**1. Effects on the Presentation of the Asset Situation and the Financial Situation of the Allianz Group**

The following table shows the group consolidated balance sheets of Allianz pursuant to "IFRS 2005" as per December 31, 2003 and December 31, 2004 as well as at the end of the quarter per September 30, 2005. The figures for the years 2003 and 2004 contain, in order to ensure comparability with the figures for 2005, the necessary retrospective applications of the changes of the IFRS accounting standards (essentially IAS 39 and IFRS 2, which were applied since January 1, 2005). Thus, the figures are not identical with the corresponding figures contained in the annual reports of the respective years.

Translation for Convenience

Assets	Dec. 31, 2003	Dec. 31, 2004	Sep. 30, 2005
	EUR mio.	EUR mio.	EUR mio.
Intangible assets	16,262	15,147	15,465
Investments in associated enterprises and joint ventures	6,285	5,757	3,470
Investments	231,397	248,327	276,177
Loans and advances to banks	169,360	181,543	150,048
Loans and advances to customers	208,935	195,680	193,179
Recognized financial assets designated at fair value	182,242	240,574	235,097
Cash and cash equivalents	25,528	15,628	24,093
Amounts ceded to reinsurers from insurance reserves	25,061	22,310	23,533
Deferred tax assets	14,739	14,139	15,242
Other assets	53,404	51,213	52,894
Total assets	933,213	990,318	989,198

Equity and liabilities	Dec. 31, 2003	Dec. 31, 2004	Sep. 30, 2005
	EUR mio.	EUR mio.	EUR mio.
Shareholders' equity	35,259	37,691	48,588
Participation certificates and subordinated liabilities	12,230	13,230	14,547
Reserves for insurance and investment contracts	309,460	326,380	356,489
Liabilities to banks	178,309	191,347	147,998
Liabilities to customers	154,597	157,137	159,907
Certificated liabilities	63,320	57,752	58,645
Recognised financial liabilities designated at fair value	118,238	145,137	141,085
Other accrued liabilities	14,419	13,984	13,797
Other liabilities	31,321	31,271	29,154
Deferred tax liabilities	13,627	14,350	15,544
Deferred income	2,433	2,039	3,444
Total equity and liabilities	933,213	990,318	989,198

2. Effects on the Presentation of the Income Situation of the Allianz Group

The following table shows the group income statements of Allianz pursuant to "IFRS 2005" for the financial years 2003, 2004 as well as an income forecast for 2005.

The figures for the years 2003 and 2004 contain, in order to ensure comparability with the figures for 2005, the necessary retrospective applications of the changes of the IFRS accounting standards (essentially IAS 39 and IFRS 2, which were applied since January 1, 2005). Thus, the figures are not identical with the corresponding figures contained in the annual reports of the respective years.

Translation for Convenience

	Actual 2003 EUR mn.	Actual 2004 EUR mn.	Forecast 2005 EUR mn.
Premiums earned (net)	55,978	56,789	56,580
Interests and similar income	22,510	20,956	20,845
Income (net) from interests in associated companies and joint ventures	3,014	777	1,008
Other income from investments	10,490	5,179	4,720
Income (net) from recognised financial assets and liabilities designated at fair value	519	1,658	1,016
Fee and commission income and income from service activities	6,060	6,823	6,760
Other income	3,803	2,533	1,688
Total income	102,374	94,715	92,617
Benefits from insurance and investment contracts (net)	-52,240	-52,255	-52,641
Interest and similar expenses	-6,871	-5,703	-5,393
Other expenses from investments	-7,452	-2,672	-1,489
Loan loss provisions	-1,027	-354	50
Acquisition costs and administrative expenses (net)	-22,917	-23,380	-22,617
Amortisation of goodwill	-1,413	-1,164	0
Other expenses	-6,588	-4,091	-2,824
Total expenses	-98,508	-89,619	-84,915
Earnings from ordinary activities	3,866	5,096	7,702
Taxes	-249	-1,662	-2,090
Minority interest in earnings	-926	-1,168	-1,273
Annual net income (loss)	2,691	2,266	4,340

II. RAS

The following tables contain a presentation of the effects of the changes to the accounting and valuation standards in the financial year 2005 on the presentation of the asset situation, the financial situation as well as the income situation of RAS Group.

1. Asset Situation and Financial Situation of RAS Group

The consolidated indicators of RAS Group shown below have been prepared by Allianz for purposes of a sub-group financial statement in accordance with IFRS. They also take into account the amended and new IFRS accounting and valuation standards which Allianz has adopted in the financial year 2005. Thus, the figures for reporting periods beginning prior to January 1, 2005 deviate from the figures published by RAS Group in its annual and interim reports up to and including 2004.

Translation for Convenience

Assets	Dec. 31, 2003 EUR mn.	Dec. 31, 2004 EUR mn.	Sep. 31, 2005 EUR mn.
Intangible assets	415	489	460
Investments in associated companies and joint ventures	510	587	613
Investments	33,970	36,197	38,444
Loans and advances to banks	1,280	1,858	1,821
Loans and advances to customers	3,733	4,100	4,048
Recognised financial assets designated at fair value	13,130	17,396	20,587
Cash and cash equivalents	1,228	1,035	651
Amounts ceded to reinsurers from insurance reserves	1,710	1,695	1,666
Deferred tax assets	542	445	415
Other assets	6,522	7,274	6,838
Total assets	63,040	71,076	75,543

Equity and liabilities	Dec. 31, 2003 EUR mn.	Dec. 31, 2004 EUR mn.	Sep. 31, 2005 EUR mn.
Shareholders' equity	7,030	7,581	7,895
Participation certificates and subordinated liabilities	45	45	45
Technical reserves insurance	35,578	38,297	39,642
Liabilities to banks	43	157	61
Liabilities to customers	1,308	1,832	1,759
Certificated liabilities	472	558	623
Recognised financial liabilities designated at fair value	12,999	16,635	19,799
Other accrued liabilities	867	867	851
Other liabilities	3,570	4,001	3,723
Deferred tax liabilities	1,071	1,060	1,102
Deferred income	57	43	43
Total equity and liabilities	63,040	71,076	75,543

2. Income Situation of RAS Group

The following table shows the group income statement of RAS pursuant to IFRS for the financial years 2003, 2004 as well as an income forecast for 2005. The consolidated indicators of RAS Group shown below have been prepared by Allianz for purposes of a sub-group financial statement in accordance with IFRS. The amended and new IFRS accounting and valuation standards adopted by Allianz in the financial year 2005 have been taken into account. Thus, the figures in the reporting periods beginning prior to January 1, 2005 deviate from the figures published by RAS Group in its annual and interim reports up to and including 2004.

	Actual 2003 EUR mn.	Actual 2004 EUR mn.	Forecast 2005 EUR mn.
Premiums earned (net)	7,406	7,483	7,784
Interest and similar income	1,712	1,674	1,741
Income (net) from investments in associated companies and joint ventures	108	161	130
Other income from investments	684	478	327
Income (net) from recognised financial assets and liabilities designated at fair value	-141	37	46
Fee and commission income and income from service activities	323	391	724
Other income	458	372	345
Total income	10,550	10,596	11,097
Benefits from insurance and investment contracts (net)	-6,551	-6,555	-6,663
Interest and similar expenses	-69	-58	-70
Other expenses from investments	-420	-193	-84
Loan loss provisions	-6	-6	0
Acquisition costs and administrative expenses (net)	-2,089	-2,178	-2,600
Amortisation of goodwill	-46	-49	0
Other expenses	-452	-444	-335
Total expenses	-9,633	-9,483	-9,753
Earnings from ordinary activities	917	1,113	1,345
Taxes	-339	-293	-360
Minority interests in earnings	-84	-144	-150
Annual net income (loss)	494	676	835

PART C

Audit Report of the Allianz Merger Auditor

This document is a translation of the original German text. In case of any divergences the German original is prevailing.

Deloitte.

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Audit report on the merger of

**Riunione Adriatica di Sicurtà
Società per Azioni, Milan (Italy)**

and

**Allianz Aktiengesellschaft,
Munich**

Issue 1 of 1

Table of contents		Page
1	ENGAGEMENT AND PERFORMANCE OF THE ENGAGEMENT	5
2	PROCEDURES AND SCOPE OF THE MERGER AUDIT	8
3	LEGAL BASIS OF THE ENTITIES INVOLVED IN THE MERGER	9
3.1	Allianz	9
3.2	RAS	10
4	OTHER VALUATION METHODS TO DETERMINE A RANGE OF POSSIBLE EXCHANGE RATIOS FOR INDICATIVE PURPOSES IN THE RUN-UP TO THE NEGOTIATIONS	11
5	Completeness and accuracy of the merger plan	12
6	Appropriateness of the valuation methods	14
6.1	Discounted earnings method	14
6.2	Alternative valuation methods	16
6.2.1	Liquidation value	16
6.2.2	Net asset value	16
6.2.3	Stock market value	16
6.3	Calculation of the exchange ratio	17
6.4	Result	18
7	AUDIT FINDINGS IN DETAIL	18
7.1	Objects of valuation	18
7.2	Analysis of the past and analysis of the planning calculations	19
7.3	Calculation of group earnings	20
7.4	Calculation of the earnings to be discounted	20
7.5	Special values	21
7.6	Discount rate	21
7.7	Particular difficulties in the valuation	23
8	APPROPRIATENESS OF THE EXCHANGE RATIO	24
8.1	Allianz company value	24
8.2	RAS company value	25
8.3	Calculation of the exchange ratio	26
9	FINAL DECLARATION ON THE APPROPRIATENESS OF THE EXCHANGE RATIO	27

This document is a translation of the original German text. In case of any divergences the German original is prevailing.

Deloitte.

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Annex

GENERAL TERMS OF BUSINESS FOR AUDITORS AND AUDIT FIRMS

List of abbreviations

AktG	German Stock Corporation Act
AKU	Company Valuation Working Group of the IDW
Allianz	Allianz Aktiengesellschaft, Munich
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Services Supervisory Office)
BayObLG	Bavarian High Court
Bn	Billion
BVerfG	Federal Constitutional Court
CAPM	Capital Asset Pricing Model
DCF method	Discounted Cash Flow method
EC	European Company
Ernst & Young	Ernst & Young AG Wirtschaftsprüfungsgesellschaft AG, Stuttgart
EstG	Income Tax Act
€	Euro
HFA	Senior Committee of Experts
HGB	German Commercial Code
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (Institute of German Auditors)
IDW S 1	IDW Standard: Principles for performing company valuations (IDW S 1) (Issue of October 18, 2005)
KPMG	KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Mazars	Mazars & Guérard S.p.A.
Mn	Million
OLG	Higher Regional Court
P&L	Profit and Loss Account
RAS	Riunione Adriatica di Sicurtà Società per Azioni, Milan (Italy)
SE-VO	Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the European Company Statute
S.p.A.	Italian joint stock corporation (Società per Azioni)
UmwG	Conversion Act



1 ENGAGEMENT AND PERFORMANCE OF THE ENGAGEMENT

Based on the merger plan, it is envisaged that

Riunione Adriatica di Sicurtà S.p.A., Milan (Italy)

(hereinafter also referred to as “RAS”)

will be merged with

Allianz Aktiengesellschaft, Munich

(hereinafter also referred to as “Allianz”)

Under the merger, Allianz as the absorbing company will take the form of a European Company (EC). The merger will proceed as a merger by absorption without liquidation in accordance with Article 17, (2 a) of Council Regulation (EC) No. 2157/2001 of October 8, 2001 on the European Company (SE) Statute (SE-VO: ABL. No. L 294, 10. November 2001). The Munich I Regional Court by order of 10.14.2005 (5 HK O 19862/05) appointed us as merger auditors for Allianz. On October 10, 2005 the competent court in Mailand (“Foro di Milano”) appointed Mazars & Guérard S.p.A., Milan (Italy) as merger auditors for RAS.

The object of the audit was the merger plan (Article 20 SE-VO) of December 16, 2005, in particular an assessment of the appropriateness of the agreed conversion ratio, as legally and commercially explained and justified in the merger documentation on the merging of the companies (Article 18 SE-VO in combination with Clause 8 UmwG).

The merger plan must be submitted to the extraordinary general meetings of the RAS ordinary and preference shareholders on February 3, 2006 and the Allianz shareholders on February 8, 2006 for approval.

In our audit we have taken note of the relevant statements of the Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf, namely

HFA 6/1988 on Merger Audits in accordance with Clause 340 b, (4) AktG (applies to the audit in accordance with Article 18 SE-VO in combination with Clause 9 UmwG)

IDW S 1 IDW Standard: Principles for performing company valuations (Issued October 18, 2005).



We carried out our audit between October 24 and December 22, 2005 at the business premises of Allianz in Munich, RAS in Milan and Deloitte & Touche S.p.A. in Milan and in our Munich office.

The following documentation, in particular, was available to us for our audit:

Concerning the merger:

- merger plan of December 16, 2005;
- merger documentation on the merger of Allianz and RAS to form Allianz SE of December 21, 2005;
- expert valuation reports on Allianz and RAS from Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Stuttgart.

Concerning Allianz, RAS and its main group companies:

- financial statements and audit reports of Allianz and its main group companies for the years 2003 and 2004;
- reports prepared by KPMG on the auditing of the group financial statements and the group management report of Allianz for the years 2003 and 2004;
- Allianz annual reports for the years 2003 and 2004;
- documentation on the Allianz Group Analysts' Conference of March 2005;
- interim report for the third quarter and the first nine months of 2005 for the Allianz Group;
- 2005 earnings forecast for Allianz and its main group companies;
- SEC-Filing Form 20-F for the fiscal year ended December 31, 2004;
- SEC-Filing Form F-4 of December 12, 2005;
- SEC-Filing Form 6-K of December 12, 2005;
- Tender Offer by Allianz for ordinary and savings shares of RAS of October 19, 2005;
- "Strategic Dialogues" and "Planning Dialogues" from the years 2004 and 2005 for the main operating units of Allianz Group;
- planning calculations of Allianz Group for the years 2006 to 2008, consolidated from the plans of the individual operating units of Allianz Group;
- market studies on major insurance markets (if not already contained in abovementioned documents).



In addition, for RAS and its group companies:

- first half report 2005 of September 11, 2005;
- interim report for the third quarter of 2005.

The respective current economic situations, planning and measures envisaged to implement planning were discussed with the management of Allianz, RAS and their main group companies.

In calculating the company valuations and deriving the conversion ratio the board of management of Allianz received the expert support and advice of Ernst & Young AG, audit company. In connection with our audit we inspected the valuation documents of Ernst & Young.

All clarifications and evidence requested by us were furnished willingly. Allianz and the RAS each provided us with a declaration of completeness along with the contents, certifying that all information and documents relevant to the circumstances had been made available to us.

We have recorded the procedures and scope of our audit in our working papers.

We must expressly point out that our audit scope did not extend to the book-keeping, financial statements, management reports or business management of Allianz and RAS or their subsidiaries and affiliates. Such an audit is outside the scope of the merger audit.

We would also point out that figures in this report are calculated with additional numbers after the decimal point as shown, such that in some cases where sub-total and grand totals are given, rounding errors may arise.

In the event that, in the period between the completion of our audit on December 22, 2005 and the general meeting of Allianz on February 8, 2006, significant changes in the asset, finance and income positions of the companies should occur, these should be taken into account subsequently when setting the conversion ratio.

For the purposes of the execution of the engagement and our responsibilities and liability, including in respect of third parties, the "General terms of business for auditors and audit firms", issued 1 January 2002, are applicable. These terms are enclosed as annex to this report. With regard to our liability to the companies involved in the merger and their shareholders, Article 18 SE-VO in combination with Clause 11 (2) UmwG and Clause 323 HGB, apply.

2 PROCEDURES AND SCOPE OF THE MERGER AUDIT

The object of the merger audit, in accordance with Article 18 SE-VO in combination with Clause 9 (1) UmwG, is the merger plan. This merger plan must be audited for completeness and accuracy of the information contained therein in accordance with Article 20 SE-VO. The focus of this merger audit is an assessment of the proposed exchange ratio. The merger auditor should review if the methods applied by the management bodies of the participating companies in calculating the exchange ratio are appropriate. In particular, it is necessary to examine if the company valuations performed in order to calculate the exchange ratios have complied with generally recognised principles for performing company valuations, that the data on which these have been based have been correctly extracted and that future forecasts are reasonable.

The management board of Allianz and the board of directors (“Consiglio di Amministrazione”) of RAS must in each case produce a comprehensive written report (so-called merger documentation). In its report, the management board of Allianz, in accordance with Article 18 SE-VO in combination with Clause 8 UmwG must explain in detail legally and commercially justify the merger, the merger plan, and in particular the exchange ratio of the shares and the level of any cash settlement. The companies have not made use of the possibility of producing a joint report. An audit of the completeness and accuracy of these reports or the advisability of the merger were beyond the scope of our audit engagement.

In accordance with Article 18 SE-VO in combination with Clause 12 UmwG we, as the merger auditors for Allianz, must provide a written report on the results of the audit. The audit report should conclude with a statement whether the value of the proposed share exchange ratio, the level of any additional cash payment or the membership of the absorbing legal entity represents reasonable consideration. For this purpose, it is necessary to state:

1. on which methods the proposed exchange ratio has been calculated;
2. on what basis the application of these methods is appropriate;
3. what exchange ratio or what equivalent value would result in each case from the application of various methods, if several have been applied; it is also necessary to show what emphasis has been placed on the various methods in calculating the proposed exchange ratio or the equivalent value and the values upon which these have been based and what particular difficulties arose in valuing the legal entities.



3 LEGAL BASIS OF THE ENTITIES INVOLVED IN THE MERGER

For each of the merging companies, Allianz as the absorbing legal entity and RAS as the legal entity being absorbed, the legal basis is described in the merger documentation.

3.1 Allianz

Allianz is a joint-stock company under German law entered in the register of companies of the Munich Regional Court under HRB 7158 with its registered office in Munich, Germany.

The share capital of Allianz amounts to € 1,039,462,400 split into 406,040,000 no-par-value, fully paid-up, registered shares with restricted transferability.

In accordance with Article 2, paragraph 3 of the articles of association of Allianz in the version of November 2005 the board of management is empowered to increase the authorised capital of the company on one or more occasions in the period until May 4, 2009 with the approval of the supervisory board by the issue of new no-par registered shares for cash and/or non-cash consideration, by up to € 424,100,864 (authorised capital 2004/I). In accordance with Article 2, paragraph 4, of the articles of association of Allianz, the board of management is authorised in the period until May 4, 2009 to increase the authorised capital of the company on one or more occasions in the period until May 4, 2009 with the approval of the supervisory board by the issue of new no-par registered shares for cash and/or non-cash consideration, by up to € 4,356,736 (authorised capital 2004/II).

In accordance with Clause 2 (5) of the articles of association of Alliance the authorised capital is increased by up to € 250,000,000 through the issue of a maximum of 97,656,250 new registered shares with income entitlement from the beginning of the year of their issue (contingent capital 2004). The contingent capital increase will be performed by the holders of conversion rights or warrants, which Allianz or group companies have issued for cash on the basis of the authorisation resolution of the shareholders' meeting of May 5, 2004, making use of their conversion or option rights or fulfilling their duty to convert under these bond issues and provided that no other forms of meeting this condition are used. Partial use was made of this authorisation with a warrant issue with a nominal value of € 1.4 billion without pre-emptive right, with an entitlement to purchase up to 11.2 million shares. On the basis of the exercising of option rights issued previously a total of 9.0 million shares were issued from the contingent capital.

As of December 15, 2005 Allianz holds 424,035 of its own shares.

Determination of the theoretical exchange ratio, therefore, was based on 405,615,965 shares.



3.2 RAS

RAS is a joint-stock company under Italian law (“Società per Azioni”) entered in the register of companies (“Registro delle Imprese”) of Milan, Italy, under number 00218610327, with its registered office in Milan, Italy.

The share capital of RAS is fully paid-up and amounts to € 403,336,202.40 consisting of 670,886.994 ordinary shares (“azioni ordinarie”) and 1,340,010 savings shares (“azioni di risparmio”) each with a nominal value of € 0.60.

The Board of Directors of RAS is authorised on the basis of the resolution of the annual general meeting of April 29, 2005, to increase the share capital with the approval of the supervisory board in the period until April 30, 2010 on one or more occasions for cash or by conversion of reserves into share capital by € 113,119,797.60 to € 516,456,000.

At the same meeting the Board of Directors was further authorised in the period until April 30, 2010 on one or more occasions to issue convertible bonds in a sum of up to € 1.2 billion for cash.

RAS does not hold any of its own shares.

As at December 15, 2005 Allianz held 512,158,245 ordinary shares and 954,788 savings shares in RAS.

Calculation of the theoretical exchange ratio was based on 670,886,994 ordinary shares and 1,340,010 preference shares, making a total of 672,227.004 shares.



4 OTHER VALUATION METHODS TO DETERMINE A RANGE OF POSSIBLE EXCHANGE RATIOS FOR INDICATIVE PURPOSES IN THE RUN-UP TO THE NEGOTIATIONS BY THE BOARD OF DIRECTORS OF RAS

As explained in the merger documentation, in the run-up to the merger negotiations the Board of Directors of RAS estimated an exchange ratio range by means of other valuation methods, such as market multiples, sum-of-the-parts, regression analysis, stock market prices and by use of financial analysts' estimates.

The market value of the Allianz shares was compared to the market value of the RAS ordinary shares for different periods of time (stock market price valuation method). In terms of the sum-of-the-parts methodology the business divisions were valued on the basis of the 2005 earnings forecasts by using industry multiples. By means of calculating market multiples, ratios were determined referring to the market capitalization and specific operating and financial figures of comparable companies; these multiples were used to derive the value of the Allianz and RAS. In terms of the regression analysis the regression line of market capitalization to net asset value and return on equity was calculated and the company value was estimated based on the return on equity of comparable companies. Moreover financial analysts' estimates of these values were drawn on. Regarding further details to these methodologies please refer to the merger documentation of RAS where a detailed description is given.

As result of applying these methods in the run-up to the merger negotiations by the Board of Directors of RAS following indications for the exchange rate ratio were given:

Methodology	Exchange rate*	Modified exchange rate*
Stock market pricing - September 9, 2005	0,162	0,157
Unweighted average		
- 1 month	0,158	0,153
- 3 months	0,161	0,155
- 6 months	0,169	0,163
- 12 months	0,175	0,170
Sum-of-the-Parts	0,140-0,144	0,135-0,138
Market multiples	0,155-0,160	0,149-0,154
Regression analysis	0,181-0,190	0,176-0,185
Financial analysts' estimates	0,135-0,158	0,129-0,154

* The modified exchange rate takes into account that the dividends for the financial year 2005 are entitled to the respective shareholding groups (for detailed information please refer to RAS merger documentation).



Based on these calculations an indication for the possible exchange ratio of between 0.153 and 0.161 Allianz shares for one RAS ordinary or RAS savings share was assumed by the RAS Board of Directors.

However, the principal valuation methodology for the final determination of the exchange ratio as presented in the merger plan is applied in accordance to German best practice for company valuations according to the regulations in IDW S1.

5 Completeness and accuracy of the merger plan

We have audited the merger plan of December 16, 2005 for completeness and accuracy with regard to the requirements laid down in Article 20 (1 a) to (1 i) SE-VO. These are dealt with in the merger plan as follows:

- **Names and registered offices of the companies to be merged and the proposed name and registered office of the SE** (Article 20 (1 a) SE-VO):

The names and registered offices of the legal entities involved in the merger are stated in the merger plan and these correspond to the respective articles of association of RAS and Allianz and their entries in the registers of companies. In preparation for the merger, prior to the merger coming into effect RAS will hive off its business to a wholly-owned subsidiary, RAS Italia S.p.A., with registered office in Milan, Italy. The name of the SE will be Allianz SE, and its registered office will be in Munich (Clause 3 of the merger plan)

- **Exchange ratio of shares and extent of settlement payments if necessary** (Article 20 (1 b) SE-VO):

In accordance with Article 1 of the merger plan RAS will be absorbed by Allianz through a merger without liquidation in accordance with Article 17 (2 a) SE-VO. The consideration for the transfer of the assets of RAS is dealt within Clause 6 of the merger plan and a full legal and commercial justification of this is provided in the merger documentation from the management bodies (Article 18 SE-VO in combination with Clause 8 UmwG). Accordingly, when the merger becomes effective Allianz SE will guarantee the shareholders of RAS in consideration of the transfer of the assets of RAS

- for each nineteen ordinary shares in RAS three no-par shares in Allianz SE and
- for each nineteen savings shares in RAS three no-par shares in Allianz SE.

- **Details of the share transfer** (Article 20 (1 c) SE-VO):
In accordance with Clause 8 of the merger plan the details of the transfer of shares in Allianz SE are as follows: RAS has appointed Deutsche Bank Aktiengesellschaft, Frankfurt am Main, Germany, as the trustee for receipt of the Allianz shares to be granted and issue of these to the shareholders in RAS. It will be assisted by Deutsche Bank S.p.A., Mailand (Italy) as a vicarious agent, in the share exchange. Allianz will hand over the new shares in Allianz to the trustee once the increase in capital has been registered in accordance with Clause 7 of the merger plan and before submission of the merger certificate at the registered office of RAS in the form of a global certificate and instruct the trustee, following registration of the merger in the register of companies covering Allianz and following exchange of the Allianz shares on a 1:1 basis for Allianz SE shares, to ensure transfer of ownership to the shareholders in RAS without delay of the shares due to them.
- **Date of merger** (Article 20 (1 e) SE-VO):
In accordance with Clause 2.2 of the merger plan, the takeover of the assets of RAS by Allianz for internal purposes will take effect from the start of January 1 of the year in which the merger becomes effective with the registration in the register of companies covering the registered office of Allianz. With effect from this time, all dealings and transactions of RAS and Allianz will be deemed for accounting purposes to take place on behalf of Allianz SE (“Date of merger”).
- **Eligibility for income** (Article 20 (1 d) SE-VO):
In accordance with Clause 6.2 Allianz shares granted to RAS shareholders qualify for a share of Allianz profits with effect from the appointed day of merger. Dividends for the year prior to when the merger becomes effective will be payable prior to the entry of the merger in the register of companies (Clause 2.2).
- **Special rights** (Article 20, (1 f) SE-VO):
Clause 9 of the merger plan deals with the rights of holders of special rights and the holders of other securities. According to Clause 9.1 in combination with Clause 6.1 of the merger plan the consideration for the transfer by savings shareholders of RAS is expressly covered by an exchange ratio. It is identical to the exchange ratio for ordinary shares of RAS. Furthermore, Clause 9.2 of the merger plan deals with the rights of holders of share options. Other than these share options, no rights in accordance with Article 20 (1f) SE-VO, are granted to individual shareholders or holders of special rights. Neither are any special measures in accordance with these regulations planned for such persons.
- **Special advantages for experts auditing the merger plan, or for members of the Board of Directors, management, supervisory board or control bodies** (Article 20 (1 g) SE-VO):

In accordance with Clause 10.2 the managing director of RAS, Mr Paolo Vagnone, and other directors of the RAS Group employed in Italy, who are not members of the Board of Directors of RAS, are granted an early exercise of share options from 2004. Apart from this, members of the Board of Directors, management, supervisory board or control bodies of RAS and Allianz and their auditors, the merger auditors or other experts of both companies are granted no special advantages in accordance with Article 20 (1 g) SE-VO.

- **Articles of Association of the EC (Article 20 (1 h) SE-VO):**
With the entry in the register of companies covering the registered office of Allianz AG, in accordance with Article 17 (2 2), and Article 29 (1 d) SE-VO, Allianz AG will automatically take the legal form of an EC.

The merger plan contains the articles of association of the EC.

- **Details of the method by which the agreement on the participation of employees will be reached in accordance with Directive 2001/86/EC (Article 20 (1 i) SE-VO):**
Details of the method of participation of employees along with the measures planned in this connection are set out in Clause 12 of the merger plan. Please refer to these statements.

Following our audit, we are able to state that the merger plan fully and correctly contains the information laid down by law thereby complying with the statutory regulations.

6 Appropriateness of the valuation methods

6.1 Discounted earnings method

In jurisprudence, the technical literature and the valuation standards from the IDW, both the discounted earnings method and the discounted cashflow method are regarded as appropriate for calculating the value of a company. Under the same standard valuation assumptions, both methods lead to the same company valuations. In the present case the determination of the exchange rate is based on the discounted earnings method. Ernst & Young prepared an expert's report concerning the values of the companies Allianz and RAS. IDW S1 was followed.

The value of the company is accordingly calculated for exclusively financial purposes by the present value of the net inflows to the company owners associated with ownership of the company. This future earnings-based value is a function of the freely available earnings, which the company may generate in the future assuming the company substantially continues in its present form, with its innovative strengths, production set-up and market position, internal organisation and management available at the time of the valuation. In addition, there may be a liquidation value for non-operating assets. In or-



der to calculate the present value of these assets a discount rate is used, which represents the income from an adequate alternative investment to the investment in the company under valuation.

In company valuations, because of the statutory regulations, so-called objectified company values are calculated. The objectified company value represents a standardized, verifiable present value from the perspective of a German-based, wholly taxable shareholder, who has an incidental shareholding and holds the shares as private assets (standardized shareholder).

The valuation of both companies must be carried out according to the prevailing view in jurisprudence and management theory on a stand-alone basis, meaning that the positive and negative associated effects, which can only be achieved after the planned merger, must not be included in the valuation. Only so-called notional synergy effects, which can be achieved without taking into account the effects of the merger or with virtually any number of partners, must be taken into account in connection with the calculation of the objectified company value, to the extent that measures for putting these into practice have already been started or are documented in the business plan.

When calculating the objectified business value, all future income, which after taking account of legal restrictions and the business plan existing on the date of valuation is available for distribution, is assumed to be distributed. In the detailed planning period 2006 to 2008 the distributions of financial income and use of retained earnings on the basis of the business plan are calculated in accordance with statutory capital requirements. In connection with the second planning phase (terminal value) the future distributions of the company under valuation must basically be based on the distribution experience of the alternative investment. Retained earnings are reinvested with no effect on the net present value.

The net income earned by standardised shareholders is calculated taking into account corporation tax on the company and income taxes on the shareholder. Since the individual tax position of the shareholders is not known, shareholders are assumed to bear personal income tax of 35%. The standardised method of consideration avoids the objectified company value being made dependent upon individual rates of taxation that vary according to the tax positions of the business owners. When calculating the financial income for purposes of Halbeinkünfteverfahren (half-income method) the distributed profits are subject to standardised personal taxation of 17.5 % ($\frac{1}{2}$ of 35 %).

For the purposes of a comparable valuation of RAS and Allianz and bearing in mind the investment positions the net inflows are set from the point of view of a standardised shareholder in the parent company.

The calculated earnings must be discounted at a discount rate that represents the alternative investment. In this calculation, it must be ensured that the earnings from the investment being valued and the

alternative investment are equivalent in respect of term, risk and taxation. The starting variable for calculating the level of the discount rate is the earnings from a portfolio of shares.

Only the so-called operating assets are reflected in the net present value. Assets and liabilities that can be disposed of individually without affecting the ongoing business, and whose disposal value exceeds the present value of the financial income in the event of said assets and liabilities remaining in the company (non-operating assets), or circumstances that in connection with the calculation of the net present value cannot or cannot fully be modelled, must be valued separately and added to the net present value.

The principles for calculating the future earnings and the company value set out above were appropriately applied in the present case.

6.2 Alternative valuation methods

6.2.1 Liquidation value

Liquidation values were not calculated, since it was assumed that the future income of the items valued exceeded the corresponding liquidation values and both companies would continue as going concerns indefinitely. We agree with this assumption.

6.2.2 Net asset value

A net asset value, for example in the form of a partially reconstructed present value, serves no purpose in itself in connection with the principles for proper company valuation. As such it cannot be included in the company value and therefore did not feature in the valuation reports.

6.2.3 Stock market value

According to the ruling of the Federal Constitutional Court (BVerfG) of April 27, 1999 the stock market value represents the lower limit in assessing monetary compensation. A higher value is unobjectionable under constitutional law. Even in the event of compensation by shares under this decision, the stock market value of the relevant company represents the lowest base valuation. On the other hand, according to constitutional law it is not mandatory to use the market value of the parent company as the upper limit in the valuation of this company. The parent company can also be given a higher value than the market value. The stock market value therefore serves as the lower limit.

Unlike in compensation cases, with mergers the interests worthy of protection of two groups of shareholders, namely those of the shareholders in the transferring company and those of the shareholders in



the absorbing company must be considered. For this reason when performing merger valuations the same valuation method must be applied to both companies.

Constitutional law does not prohibit a valuation under the discounted earnings method. Future earnings represent all recognizable income factors affecting the value and thereby provide an appropriate model of the value.

The unweighted and volume-weighted 3-month-average stock market valuation of Allianz and RAS ordinary and preference shares before the intended merger became known was lower than the value based on future earnings. The market value was therefore not used as a lower limit.

6.3 Calculation of the exchange ratio

The exchange ratio is derived from the company values of Allianz and RAS taking into account the respective number of shares. The exchange relationship represents the ratio between the shares surrendered in the transferring RAS and shares granted in consideration by the absorbing company Allianz. Treasury shares in Allianz were correctly taken into account in the calculation of the value per share reducing the number of issued shares.

The savings shares of RAS qualify for a dividend that is between 2.0 and 10.0% higher than that of ordinary shares (Article 34 No. 4 Articles of Association RAS). On the other hand they do not offer participation and voting rights at the annual general meetings of RAS.

No differentiation was made in the exchange ratio of the savings shares and ordinary shares of RAS. A valuation of the dividend priority and the lack of voting rights would assume that a particular value for these items can be calculated. However, any higher or lower value regarding savings shares cannot be calculated either empirically or theoretically with sufficient certainty or in connection with the future discounted earnings method. It can therefore be assumed that the intrinsic value of savings shares corresponds to the intrinsic value of ordinary shares or that preferential right to higher dividends and the absence of voting rights balance each other out in value terms. It is therefore in our view appropriate for savings and ordinary shares to be treated the same in calculating the exchange ratio.

The appropriate exchange ratio should take the circumstances of the companies into account at the time of approval of the merger plan. According to prevailing opinion, the date of valuation underlying is uniformly February 3, 2006, the same date as the extraordinary general meeting of the transferring legal entity RAS, is planned to be approved. The calculation of the discounted earnings on the technical valuation date 1. January 2006 compounding interest to February 3, 2006 is appropriate and leads to the same result as a direct discounting to the valuation date.



The valuations of Allianz and RAS were uniformly carried out in accordance with the discounted earnings method pursuant to valuation standard IDW S 1. The planning calculations of the two companies were transferred to a valuation model of Ernst & Young in order to guarantee that the valuation method was applied uniformly. Corresponding circumstances were dealt with on an identical basis.

Allianz holds 76.3 % of the ordinary shares and 71.3% of the savings shares of RAS. In the valuation of RAS the same planned series of payments were entered as for Allianz. Where Allianz and RAS had a holding in the same company, for these companies the same results were taken into account in the valuations in proportion to the companies' holdings.

The discount rate was likewise determined on the basis of the same underlying data and methods. The differences in beta-factor were the result of the partly differing importance of the business areas of the two companies and the differing levels of debt and are covered by observed betas for both companies.

6.4 Result

In summary we are able to state as follows: the company values of Allianz and RAS have been calculated in accordance with prudent bases for performing company valuations (IDW S 1) currently applied in management theory, high court jurisprudence and the practice of company valuation. The discounted earnings method used for valuing the companies is appropriate in accordance with Article 18 SE-VO in combination with Clause 12 (2) UmwG.

7 AUDIT FINDINGS IN DETAIL

7.1 Objects of valuation

The exchange ratio to be assessed in the context of our audit concerns the exchange of ordinary and savings shares in RAS for shares in Allianz. Accordingly, the underlying objects of valuation are the Allianz Group and the RAS Group. Since the group financial statements of RAS represent subsidiary financial statements of Allianz, it was possible to use the same plans as for Allianz.

The basis for the calculation of the discounted earnings of both companies are the plans of the operating units (the so-called planning dialogues). These are compiled for the property/casualty, life/health, banking business and asset management divisions and the separate holding activities. Effects on performance of internal group supply and service relationships were consolidated. The valuations are therefore based on consolidated group plans of Allianz and RAS. This so-called overall valuation approach corresponds to the basis of valuation of the business unit.

The plans of Allianz and RAS are drawn up under IFRS accounting policies. HGB and IFRS accounting are of equal value and thus provide appropriate starting figures for a company valuation (OLG



Hamburg, ruling of 29.9.2004 - 11 W 78/04). In addition, in the context of the audit, a check was made that the planned dividend distributions according to HGB are not subject to any distribution restrictions and are available for distribution. The valuation on the basis of IFRS is therefore appropriate.

Apart from this, value effects, such as pension liabilities, dilution effects of outstanding employee option schemes, share options and convertible bonds as well as losses carried forward for tax purposes, were analysed separately, their financial effects converted into annuities and included in the calculation of discounted earnings.

7.2 Analysis of the past and analysis of the planning calculations

In order to forecast future developments and for the purpose of the plausibility considerations, the analysis of the past forms constitute the starting point. In order to be able to identify the factors affecting income in the past, extraordinary factors have to be eliminated in the past calculations. The past analysis was carried out for both groups for the years 2003 and 2004 as well as the forecasts for 2005. In this regard please refer to the valuation reports of Ernst & Young, the contents which are stated in the merger documentation from Allianz.

The calculation of future income was performed according to the phase method. For the detailed planning phase I from 2006 to 2008 detailed planning data was available for the individual group companies and the group as a whole. In Phase II, with effect from 2009, a result considered to be sustainable was applied based on 2008 after adjusting for specific items.

For the preparation of the planning dialogues the operating companies, on the basis of shared assumptions – differentiated by market – calculated the returns on capital investments uniformly across the group. This ensured that the same circumstances were dealt with identically in the various planning calculations. Figures for foreign business units, which have not planned in euros, were converted into euros at the average exchange rate for the first three quarters of 2005.

Company taxes were applied according to the tax regulations currently in force. These include foreign income taxes and domestic commercial taxes, corporation tax and the solidarity supplement. Minorities were – where there were no concrete intention to buy – likewise taken into account in the current circumstances

Before the planned merger Allianz had a majority shareholding in RAS. As an associate company RAS is part of the Allianz Group. Furthermore, the planning of Allianz and RAS do not take account of any further synergy effects. The companies were valued in accordance with the “stand alone” legal principle.



7.3 Calculation of group earnings

For an account of the group earnings please refer to the explanations in the valuation report from Ernst & Young, the contents of which are shown in merger documentation from Allianz.

Compared with the planned expenses and income in 2008 – apart from assumed growth of 1.5% p.a. – the following adjustments were made to ongoing earnings with effect from 2009:

- The expected cost savings arising from the planned reorganisation of Allianz improve the operating profit in the property and casualty insurance division.
- At RAS the combined ratio of property and casualty insurance was increased by 2 percentage points. This corresponds to the procedure at Allianz, which also allowed 2 percentage points for planning contingencies.
- The return on investment was adjusted for the assumptions upon which the discount rate is based. The interest calculation of fixed-interest securities was oriented towards the risk free rate, and that of equities to the returns from a widely spread equity portfolio (risk free rate plus market risk premium).
- Dilution effects from equity-based payment instruments and options were valued at RAS and Allianz uniformly using the Black-Scholes model and included in the financial result.
- Cash flows were included instead of costs (e.g. pension liabilities).
- Losses carried forward for tax purposes and unused corporation tax credits within the RAS and Allianz Group, which will not be fully used up by the end of planning phase I, were extrapolated until they were exhausted, converted into an annuity and taken into account in the ongoing tax expense of planning phase II.

We have audited the plans presented and the information and supporting documentation thereto. Our investigations show that the plans were demonstrably derived from the strategic aims, are underpinned by specific measures and are not contrary to the market forecasts. The adjustments to the ongoing earnings in planning phase II are correctly determined and justifiable.

7.4 Calculation of the earnings to be discounted

In order to calculate future earnings, the future distributions must be discounted. These must be calculated taking into account the business concept and the trading, business and supervisory environments on the basis of the consolidated results after tax and minority interests.

In detailed planning phase I (2006 to 2008) the distributions planned by both groups have been applied. According to the published business policy the dividends per share should rise by 10% p.a.



In planning phase II it was initially taken into account that a constant accumulation is necessary for continued company growth in order to achieve the supervisory capital or the required solvency ratios. This accumulation was calculated from the net asset values projected to the end of planning phase I and the growth rates in planning phase II. For the remaining profit an accumulation at the level of the average accumulation rates of Italian and German companies included in the MIB 30 respectively DAX was assumed. For these sums an investment with a neutral effect on the present value was used, i.e. the profits are ploughed back into investments which provide a return (before tax) at the discount rate.

The method chosen for calculating the accumulations in planning phases I and II corresponds to the recommendations of the AKU.

The sums remaining after accumulation are distributed to the shareholders. In calculating the cash flows relevant to the valuation the tax burden from personal income tax at 17.5% (see section 5.1) was deducted from the dividend payments. The net income, i.e. the distributions less personal income tax, represents the basis for calculation of the discounted earnings.

7.5 Special values

As non-operating assets, works of art at Allianz and RAS were valued separately, because their value is not taken into account in the calculation of discounted earnings. An accumulation of the estimated sales of these assets having a neutral effect on the present value was assumed in the valuation model.

We did not discover any other non-operating assets.

Even if other asset items, i.e. among the capital assets, were to be classified as non-operating assets, in accordance with jurisprudence (OLG Düsseldorf, ruling of 1.14.2004) the earning potential of hidden reserves would be fully included in the future income by the discounting of the market value.

7.6 Discount rate

The discount rate represents the return on an investment which is equivalent in respect of term, risk and taxation to an investment in Allianz or RAS. The starting variable used for determination of alternative returns is the capital market returns on an equity portfolio. This can be broken down into a risk free rate and a risk premium, which will be required by a standardized shareholder for accepting the company-specific risk.

In calculating the risk free rate, account must be taken of the fact that the risk free rate must be consistent with the term of the cash investment in the company to be valued. Since for the valuation of Al-



lianz and RAS an unlimited lifetime is assumed, the risk free rate used would have to be the observable return on a likewise open-ended government bond. Since such bonds do not exist in Germany, for the calculation of the risk free rate the recommendation by the AKU to use the current interest structure curve was followed.

As a basis, data from the Deutschen Bundesbank was used, which provides the basis for an interest structure for terms of up to ten years. With the help of the Nelson-Siegel-Svenson function these parameters were extrapolated for the subsequent period. In order to compensate for possible estimation errors in the calculation of the long-term returns, the average of the interest structure data published by the Bundesbank in the last three months was used: the individual period rates were converted to a standard rate of interest equivalent to a present value and rounded to a flat $\frac{1}{4}\%$. This resulted in a risk free rate of 4.0%. Following application of the personal tax rate of 35 % the risk free rate after tax is 2.6 %. The method chosen corresponds to the current AKU recommendations.

Risk premiums can be derived empirically from market prices with the help of capital asset pricing models. Using the so-called Tax-CAPM, which takes account of the different taxation of interest income, dividends and stock price gains, risk premiums for an equity portfolio after personal taxation of between 5% and 6% were determined. For the valuation of Allianz and RAS the average of this range was applied. This value corresponds to the AKU recommendations.

The market risk premiums were transformed by means of the individual beta factor for each company into an individual risk premium for each of these as a measure of the risk. The individual beta factor for each company is given by the covariance between the return on shares in Allianz or RAS and the return on an equity index, divided by the variance of the respective equity index. Since the shares in Allianz and RAS are traded in the market on a daily basis and there is no evidence of price distortions or manipulation, it is in our view appropriate to derive the beta factor directly from the market prices for Allianz or RAS. The reference variable used for Allianz was the CDAX and for RAS the SPMIB. These are widely used German and Italian indices. A 7-year reference period (1999 – 2005) was used, since this period includes higher and lower amplitudes. The differing beta factors for Allianz of 1.3 and RAS of 0.8 were subjected to a qualitative plausibility test by Ernst & Young using the risk situation of the business segments and the level of debt. We consider the calculation method used in the merger report and the beta factors arrived at to be appropriate in consideration of the future risk situation.

The company plans are based on normal variables and therefore also represent inflationary growth. In phase II (terminal value) profit growth is no longer expressly taken into account. This profit growth must therefore be modelled by a growth supplement on the discount rate. A growth supplement of 1.5% was used. This growth supplement is within the range applied in practice and jurisprudence. For the regulatory capital an accumulation related to the extrapolated net asset value at the level of the



growth rate used was taken into account. We consider both the growth rate and the accumulation ensure that the equity share is appropriate.

The discount rate is comprised of the risk free rate reduced by the standardised personal income tax and the market risk premium after tax, calculated on the basis of the Tax-CAPM. Account is taken of increasing financial income in the second phase by a growth supplement at the level of the growth rate. The result is the following discount rates:

	Allianz	RAS
Risk free rate	4,00%	4,00%
Tax 35%	-1,40%	-1,40%
Risk free rate after tax	2,60%	2,60%
Market risk premium	5,50%	5,50%
Beta factor	1,30	0,80
Risk premium	7,15%	4,40%
Discount rate Phase I	9,75%	7,00%
Growth Factor	-1,50%	-1,50%
Discount rate Phase II	8,25%	5,50%

According to our findings the discount rates for Allianz and RAS were calculated correctly.

7.7 Particular difficulties in the valuation

The method for calculating the objective company values is correct and appropriate for the valuation in question.

On the basis of our knowledge of the relevant parts of the merger documentation, the information provided to us and a check of the planning calculations from which the results were derived, the valuation models and other documents, we are able to state that no particular difficulties for the purposes of Article 18 SE-VO in combination with Clause 12 paragraph 2 No. 3 at the end UmwG, arose in the valuation of Allianz and RAS.



8 APPROPRIATENESS OF THE EXCHANGE RATIO

8.1 Allianz company value

The discounted earnings of Allianz are determined as follows:

Allianz discounted earnings	2006 (mn. EUR)	2007 (mn. EUR)	2008 (mn. EUR)	ab 2009 ff. (mn. EUR)
Group net income	4,919	5,366	5,911	7,192
Accumulation to finance growth in planning phase II	0	0	0	-635
Sub-total	4,919	5,366	5,911	6,557
Accumulation	-4,027	-4,384	-4,831	-3,471
Dividend distribution	892	982	1,080	3,086
Personal income tax	-156	-172	-189	-540
Additional value contribution from accumulation In planning phase II				3,471
Earnings to be discounted	736	810	891	6,017
Present value factor 1. January 2006	<i>0.91116</i>	<i>0.83022</i>	<i>0.75646</i>	<i>9.16922</i>
Present value 1. January 2006	671	672	674	55,172
Discounted earnings 1. January 2006	57,189			
Discounted earnings accumulated to 3 February 2006	57,687			

The company value of Allianz is calculated from the discounted earnings plus the non-operating assets.

Allianz company value		
Discounted earnings as of 3 February 2006	(mn. EUR)	57,687
Non-operating assets	(mn EUR)	21
Company value 3 February 2006	(mn EUR)	57,708
Shares issued	(quantity)	406,040,000
Less treasury shares	(quantity)	-424,035
Shares that are relevant for calculation of the exchange ratio	(quantity)	405,615,965
Company value per share		142.27

8.2 RAS company value

The discounted earnings of RAS are determined as follows:

RAS discounted earnings	2006 (mn EUR)	2007 (mn EUR)	2008 (mn EUR)	ab 2009 ff. (mn EUR)
Group net income	824	848	929	1,094
Accumulation to finance growth in planning phase II				-106
Sub-total	824	848	929	988
Accumulation	-173	-132	-141	-525
Dividend distribution	651	716	788	463
Personal income tax	-114	-125	-138	-81
Additional value contribution from accumulation In planning phase II				525
Earning to be discounted	537	591	650	907
Present value factor 1. January 2006	0.93458	0.87344	0.81630	14.84178
Present value 1. January 2006	502	516	530	13,457
Discounted earnings 1. January 2006	15,005			
Discounted earnings accumulated to 3 February 2006	15,100			

The company value of RAS is calculated as follows:

RAS company value		
Discounted earnings 3 February 2006	(mn EUR)	15,100
Non-operating assets	(mn EUR)	5
Company value 3 February 2006	(mn EUR)	15,105
Ordinary shares	(quantity)	670,886,994
Preferences shares	(quantity)	1,340,010
Shares that are relevant for calculation of the exchange ratio	(quantity)	672,227,004
Company value per share		22.47



8.3 Calculation of the exchange ratio

The company values per share give a ratio of 1 to 0.1579, i.e. 19 RAS shares are exchanged for 3 Allianz shares.

	Allianz	RAS
Company value per share (in EUR)	142.27	22.47
Exchange ratio		
theoretical	0.1579	1.0
In round figures (share exchange)	3.0	19.0



Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

9 FINAL DECLARATION ON THE APPROPRIATENESS OF THE EXCHANGE RATIO

We hereby give the final declaration in accordance with Article 18 SE-VO in combination with Clause 12 (2) UmwG as follows:

“According to our findings, for the reasons set out, the exchange ratio proposed in Clause 6.1 of the merger plan, according to which RAS shareholders

will receive for each nineteen RAS ordinary shares three Allianz SE shares

and

for each nineteen RAS savings shares three Allianz SE shares

when the merger becomes effective, is appropriate. Cash adjustments are not granted”.

Munich, December 23, 2005

Deloitte & Touche GmbH
Independent Auditors

()
Wirtschaftsprüfer

()
Wirtschaftsprüfer

Aggregation of the Segment Results to the Group Results

Allianz Group

	Property and Casualty Insurance	Life and Health Insurance	Banking	Asset Management	Consolidation	Allianz Group
Plan 2008 (in EUR mn.)						
Operating profit	4,988	2,271	1,713	1,390	0	10,362
Earnings from ordinary activities	5,138	2,579	1,670	1,117	-120	10,385
Taxes	-1,607	-781	-545	-452	0	-3,386
Minority interests in earnings	-605	-348	-98	-53	16	-1,088
Net income	2,926	1,450	1,027	612	-105	5,911
Plan 2007 (in EUR mn.)						
Operating profit	4,454	2,102	1,473	1,209	0	9,239
Earnings from ordinary activities	4,656	2,364	1,434	788	3	9,245
Taxes	-1,356	-715	-460	-322	0	-2,854
Minority interests in earnings	-574	-327	-92	-48	15	-1,025
Net income	2,726	1,322	882	418	18	5,366
Plan 2006 (in EUR mn.)						
Operating profit	4,267	1,728	1,285	1,079	0	8,359
Earnings from ordinary activities	4,879	2,163	1,253	577	-373	8,499
Taxes	-1,334	-626	-392	-219	0	-2,571
Minority interests in earnings	-600	-315	-88	-45	38	-1,009
Net income	2,945	1,221	773	314	-335	4,919
Forecast 2005 (in EUR mn.)						
Operating profit	4,146	1,521	871	1,056	0	7,594
Earnings from ordinary activities	5,632	2,163	1,422	367	-1,882	7,702
Taxes	-1,269	-387	-344	-96	7	-2,090
Minority interests in earnings	-898	-449	-92	-47	213	-1,273
Net income	3,465	1,327	987	224	-1,662	4,340
Actual 2004 (in EUR mn.)						
Operating profit	3,979	1,418	586	856	0	6,840
Earnings from ordinary activities	6,137	1,704	-67	-275	-2,403	5,096
Taxes	-1,520	-469	294	52	-19	-1,662
Minority interests in earnings	-1,151	-368	-101	-52	504	-1,168
Net income	3,466	867	126	-275	-1,918	2,266
Actual 2003 (in EUR Mio.)						
Operating profit	2,397	1,265	-396	716	0	3,982
Earnings from ordinary activities	6,418	1,244	-1,936	-385	-1,475	3,866
Taxes	-756	-639	1,025	80	41	-249
Minority interests in earnings	-451	-386	-104	-92	107	-926
Net income	5,211	219	-1,015	-397	-1,327	2,691

RAS Group

	<u>Property and Casualty Insurance</u>	<u>Life and Health Insurance</u>	<u>Banking</u>	<u>Asset Management</u>	<u>Consolidation</u>	<u>RAS Group</u>
Plan 2008 (in EUR mn.)						
Operating profit	992	366	79	71	0	1,508
Earnings from ordinary activities	1,017	383	69	71	0	1,541
Taxes	-287	-97	-28	-25	0	-437
Minority interests in earnings	-91	-79	0	-4	0	-175
Net income	639	207	42	41	0	929
Plan 2007 (in EUR mn.)						
Operating profit	917	353	53	64	0	1,388
Earnings from ordinary activities	940	369	44	64	0	1,417
Taxes	-267	-97	-19	-23	0	-405
Minority interests in earnings	-84	-76	0	-4	0	-164
Net income	590	196	25	37	0	848
Plan 2006 (in EUR mn.)						
Operating profit	833	343	35	59	0	1,271
Earnings from ordinary activities	947	358	27	59	0	1,391
Taxes	-253	-97	-13	-21	0	-384
Minority interests in earnings	-107	-73	0	-4	0	-184
Net income	586	189	15	34	0	824
Forecast 2005 (in EUR mn.)						
Operating profit	791	321	23	40	0	1,174
Earnings from ordinary activities	952	489	15	40	-150	1,345
Taxes	-235	-101	-8	-16	0	-360
Minority interests in earnings	-116	-54	0	0	21	-149
Net income	601	334	6	23	-129	835
Actual 2004 (in EUR mn.)						
Operating profit	662	315	-7	26	0	995
Earnings from ordinary activities	800	398	-13	26	-98	1,113
Taxes	-207	-86	10	-10	0	-293
Minority interests in earnings	-98	-47	0	0	1	-144
Net income	495	265	-3	16	-97	676
Actual 2003 (in EUR mn.)						
Operating profit	558	229	-9	25	0	803
Earnings from ordinary activities	637	313	-22	26	-37	918
Taxes	-258	-85	14	-10	0	-339
Minority interests in earnings	-41	-43	0	0	0	-84
Net income	338	185	-8	16	-37	495