Annual General Meeting

of Allianz AG on May 3, 2006

Report of the

Chairman of the Board of Management

Michael Diekmann

- The spoken word shall prevail -

Dear Shareholders,

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

Your Allianz can look back on a successful year 2005. The excellent results that we will present to you today were made possible by our 170,000 employees and our sales partners. At the beginning of my report, I do not want to miss the opportunity to express my thanks and recognition for their work and support during difficult times.

Ladies and gentlemen, during the year under review, we achieved all the targets we set ourselves for the year and set the course for the future.

One of the most important milestones is the reorganization of the German insurance business. On the way to this Annual General Meeting we all saw that Allianz employees are expressing concern about their jobs. I am sure all of us are touched by this. That's why I would like to address the changes in Germany right at the beginning of my presentation.

Up to now, we have been structured as three independent insurance companies: Allianz Versicherungs-AG for property insurance business, Allianz Leben for life insurance business, and Allianz Private Kranken for health insurance business. Each company has been operating with its own sales organizations and operational businesses at a variety of locations.

We initiated the reorganization because the structure of Allianz was making it more and more difficult to deliver what customers want in an increasingly tough competitive environment. We lost customers and market shares as a consequence. Only companies that can grow profitably are able to provide secure jobs for the future. Our new structure will enable us to serve our customers faster, better and more cost-effectively than in the past. This is the prerequisite for profitable growth.

The changes occurring in our insurance business in Germany require radical modernization that is absolutely essential if we are to retain our market leadership. At the same time, our future business model in Germany will serve as a model for our foreign companies.

Many employees in the German insurance business are currently experiencing a phase of personal uncertainty. Many of them are asking me whether there isn't an alternative? And this question leads us to the actual nub of the matter from the perspective of the company. Are we going to drive change proactively and restructure Allianz ourselves or are we going to be driven by change and the competition? If we allowed ourselves to be driven by circumstances, our options would be drastically restricted. Today, we still can act from a position of market leadership. If we hesitate, we will be compelled to introduce short-term cost-cutting programs sooner or later. And I regret to say, there are plenty of worst-case scenarios in the recent history of German corporate endeavor that demonstrate what that entails for jobs and locations.

Many people are also asking me: Why don't you finally publish decisions about locations and redundancies? In the past months, once we worked through a process of change in a business group, we immediately discussed the results with the appropriate bodies. So far, this has been the case for the staff at principle administrative offices and the internal sales force. Operations is much more difficult. As announced, we will be entering into dialog with the relevant bodies about sites and the effects on jobs in June. There is no delaying tactic involved. Providing detailed serious answers to the very justified questions is an extremely challenging task, when the aim is to bring about such a fundamental change in a business model. I believe that fairness and respect for those involved means these decisions need to be prepared carefully to enable us to reach a fair agreement with representatives of the workforce.

As you may have read in the newspapers, we succeeded in agreeing on a total package for implementation in a socially sustainable way, following intensive negotiations with our works councils. A uniform social compensation scheme is in place for the entire reorganization process. We have also agreed to extend the period of no redundancy notices for operational reasons until 2007. If certain business goals are achieved, we will also be in a position to avoid redundancy notices for operational reasons in the period from 2008 to 2010. Then a decision will be made from year to year.

I believe this agreement is good for all the parties involved. It means that employees have clear and fair framework conditions for the process of reorganization. At the same time, the foundations have been laid for speedy implementation of the new structure. This will help us do what has to be done. However, we will do it together in the right way, with integrity and with respect, and in a way that is as socially acceptable as possible. I will go into the details of the new business model at a later point.

Dear shareholders, Now I would like to turn to my report on the past year 2005.

In 2005, Allianz succeeded in increasing all key parameters compared with the previous year. For the first time in the history of Allianz, revenues broke through the 100 billion euro barrier. In particular, the significant growth in Life and Asset Management business contributed to increasing our revenues by in excess of 4 percent.

The following figures show that this growth was profitable. The operating profit is the key parameter for performance of the company. It shows what was effectively generated in current operating business. In 2005, this operating profit increased to more than 7.7 billion euros.

Net income for the year, i.e. earnings after tax and minority interests, improved even more significantly. It rose by more than one billion euros or 31 percent to almost 4.4 billion euros. Earnings per share improved by 23 percent.

Ladies and Gentlemen, as you know, we are submitting a proposal to you for increasing the dividend for the year 2005 from 1 euro and 75 cents to 2.00 euros. This corresponds to an increase of 14 percent and leads to a total payout of 811 million euros.

This dividend proposal is in line with our long-standing practice of pursuing a sustainable and predictable dividend policy. Since 1996, Allianz has increased the payout per share by an average of 9 percent year on year. Due to the capital measures carried out during the same period, the total payout actually experienced even stronger growth at 16 percent per year.

We should like to ask you to agree to this dividend proposal.

Ladies and Gentlemen, I should now like to provide a detailed report on the results for the year 2005. As in previous years, I will base my analysis on the items that make up our 3 + One Program.

Let me remind you briefly of the four main points in the program:

1. Protecting and strengthening the capital base
2. Increasing our operating profitability
3. Reducing complexity and

+ One: Increasing competitiveness and corporate value sustainably.

At the beginning of the fiscal year 2005, we had already made considerable achievements with this program. You can chart progress by the green dots on the right-hand side. I should like to show you the additional advances we made in 2005 – and highlight where there is still room for improvement.

Allianz achieved a real milestone in 2005 by strengthening the capital base. Shareholders' equity increased by 32 percent to almost 40 billion euros.

The growth in valuation reserves and exchange-rate effects contributed 4.6 billion euros to strengthening shareholder's equity. We classify valuation reserves as being mainly gains in the equity portfolios of Allianz, i.e. unrealized book gains. Net income increased shareholders' equity by a further 4.4 billion euros, and the capital measures carried out in conjunction with the merger of RAS and Allianz AG entailed growth of a further 2.5 billion euros.

Shareholders' equity was reduced by the dividend for the fiscal year 2004. In addition, international accounting principles require that when shares in already fully consolidated companies are purchased, the goodwill acquired is netted against shareholders' equity. Equity capital was therefore reduced by 1.8 billion euros through acquisition of additional shares in RAS and in our American Asset Manager Pimco.

As far as the 3 + One Program is concerned, we are extremely satisfied with the substantial reinforcement of the capital base, since we more than fulfill all the requirements of the regulatory authorities and rating agencies, even under exacting stress scenarios. That's why the three green boxes have been joined by another blue box for 2005 and we feel well prepared for further growth.

I now come to the second goal of the 3 + One Program, the increase in operating profitability. I would like to share some information relating to sales performance with you first.

More than two thirds of our sales are generated in Europe. Germany, Italy and France are our most important markets here. However, Allianz is also increasingly benefiting from the dynamic development in Central and Eastern European Markets – or CEEMA for short – and even stronger growth in the Asia Pacific region. Growth rates of 15 and 19 percent respectively in these markets are significantly higher than in the markets of Western Europe and America. The work invested in building up business in these growth regions means we are now so well positioned, that we are fully able to take advantage of the dynamic situation there.

The analysis comparing the regional distribution of revenues with the distribution of operating profits shows how balanced the profitability of the regional business activities has now become. In line with the distribution of revenues, Western Europe now contributes nearly 70 percent to the operating profit of the Group, and North and South America contribute 20%. Key drivers there are the units in the USA, i.e. Fireman's Fund in property business and Allianz Life in life business.

Dynamic profit is particularly high in the growth regions. In Central and Eastern Europe, the results increased by almost 50 percent, while the increase in Asia Pacific amounted to 71 percent. These results demonstrate that the groundwork in many countries has now largely been completed and our companies are well established in the local markets. Overall, almost 10 percent of the Group's results are being generated in these growth regions.

The gratifying overall picture is only dampened by performance at our industrial insurance subsidiaries Allianz Global Risk and Allianz Marine Aviation. The natural catastrophes last year brought about a significant fall in earnings that can be clearly seen here in the earnings of the specialist insurers.

The operating profits for our 4 business segments show that all the segments significantly improved their results in 2005. As you see on the right-hand side, the Asset Management and Banking segments made the biggest advances in both absolute and relative terms. However, the insurance segments Property/Casualty and Life/Health also continued to improve, despite the high level of performance already achieved.

In the business with Property and Casualty Insurance, sales increased by nearly 1 percent. If the figures are adjusted by the companies sold in 2005 and currency effects, real growth amounted to 2.7 percent. Even if this remains behind the growth of the Group, we are still satisfied with this development. The Property/Casualty markets have seen virtually no growth for years and are increasingly subject to cut-throat competition.

Our aim is therefore not to put the excellent profits at risk in this segment by growth at any price. The operating profit shows that this business strategy is successful because a further increase of 5 percent has been achieved at a high level, advancing to nearly 4.2 billion euros. The Property/Casualty segment remains the most important earnings driver in the Allianz Group.

All the regions contributed to improving this result. In Europe, the result improved considerably by 9 percent. The growth markets and our companies in North America increased earnings by around 50 percent. I would like to highlight earnings in America, because the performance in American property business has been the subject of critical comment by analysts for some time. We are therefore very pleased that the operating profit of Fireman's Fund improved by 100 million euros in 2005 despite the hurricanes.

In view of the natural catastrophes that occurred in 2005, the increase in the operating profit recorded by Property/Casualty was particularly impressive. I would like to remind you that the year 2005 saw the most claims reported in the history of the insurance industry and this exerted a long-term negative impact on the results of many primary insurers and reinsurers. Allianz made payments for claims totaling nearly 900 million euros for the hurricanes Katrina, Rita and Wilma alone. Together with the payments for claims events in Europe and Asia, the total burden arising from natural catastrophes alone amounted to 1.1 billion euros.

Nevertheless, the segment Property/Casualty achieved an outstanding net income for the year of 3.5 billion euros.

Revenues increased by 7 percent to 48.1 billion euros in the segment Life/Health – significantly more than revenues in the Group as a whole. We notched up the maximum growth rates in our European core markets Germany, France and Italy, and in Asia Pacific. On the product side, revenues from classic endowment insurance policies stagnated, while dynamic growth for investment-oriented products increased significantly.

The operating profit for the Life/Health segment improved by nearly 200 million euros or 13 percent to 1.6 billion euros. Net income increased to 1.3 billion euros.

The increase in profitability was powered by Western Europe – in particular by our life companies in Germany and Italy. The companies operating in the growth markets were also able to increase their results significantly, although the level still remains low. Nevertheless, I should like to highlight the leap in earnings in Asia Pacific, which were to a considerable extent generated by our subsidiary in South Korea. Allianz Korea has succeeded in improving its earnings after a number of difficult years. The sale of the reinsurance business operated by Allianz Life in the previous year impacted negatively on the performance of earnings in America. The operating profit in America increased on a comparable basis.

Ladies and Gentlemen, the Banking segment – largely carried by Dresdner Bank – achieved an important interim target. In 2005, Dresdner Bank earned the cost of capital with a return on capital employed of 9.1 percent. This met the target formulated at the Annual General Meeting in 2003.

Adjusted by the accounting effect arising from IAS 39, operating revenues in the strategic business divisions rose by in excess of 4 percent to 6.1 billion euros.

The operating profit of Dresdner Bank grew by 33 percent to 775 million euros. Net income for the year underwent strong growth to 1 billion euros. Earnings benefited from a very positive development in loan loss provisions. A key factor in this improvement was the success enjoyed by the special unit IRU, tasked with settling non-performing loans, which completed its operations ahead of schedule. Moreover, the quality of the current loan portfolio has improved significantly.

We have an optimistic perspective on the future as far as Dresdner Bank is concerned. A great deal has been achieved on this front and the business is going in the right direction. Customer business is growing, and in the individual divisions, the focus on profitable growth is paying off.

However, we are not satisfied with performance of the cost-income ratio, i.e. the ratio of costs that we incur for each euro of income. The ratio increased to an unsatisfactory 88.9 percent. We are devoting all our attention to achieving additional essential improvements on the income and cost side during the current fiscal year.

Asset Management also achieved a significant leap in earnings during the fiscal year 2005. Operating earnings rose by 18 percent to 2.7 billion euros, and the operating profit went up by 32 percent to 1.1 billion euros. The cost-income ratio achieved 58.5 percent, an outstanding figure on an international comparison, and net income for the year was significantly positive for the first time at 237 million euros.

However, the financial indicators of Asset Management business are not the only good result – the operating indicators are also impressive. Allianz achieved net inflows of 64 billion euros for all countries and asset classes.

Assets under management rose by 27 percent to 743 billion euros. It is gratifying to see that growth across all regions evinced similarly high rates of increase, and you will see that we are now well represented not only in the USA and in Europe but also in Asia. Allianz has therefore continued to strengthen its leading position among the world's biggest asset managers.

Ladies and Gentlemen, I believe it is fair to say we have made excellent progress overall in increasing profitability.

Reduction of complexity, our third program item, will contribute to further improvement in results.

Today, Allianz is a group with sophisticated legal and organizational structures. These structures have emerged over decades as Allianz has taken over and integrated individual companies and entire insurance groups. The legal complexity that has been created within the corporate structure is an impediment in a modern world where speed and clearly defined decision-making processes are essential. That's why we instigated important solutions in 2005.

Our intention is to simplify the shareholding structure in Europe, reducing the complexity that is evident on the chart. Apart from the reorganization in Germany, the merger of the Italian subsidiary company RAS with Allianz AG represents a giant leap forward. This was the subject of our extraordinary General Meeting in Düsseldorf.

The aim of the merger is to reduce the complexity in two stages. The first stage comprises the takeover of the remaining minority interests in RAS, then the merger of RAS with Allianz AG, and finally, conversion of Allianz AG to a European joint-stock company. The merger will give Allianz full managerial control over the RAS Group.

This permits the reorganization of our European structures in a second stage. The merger transfers the shares of RAS in its subsidiary companies to Allianz SE. RAS and Allianz shares in these subsidiary companies will be bundled under the umbrella of Allianz SE.

The chart clearly shows how lean the legal structures are becoming as a result of the merger process. The simplification and the associated reduction of stages in the shareholding structure leads to major simplifications in the financial and administrative processes and forms the basis for future increases in income and growth – and hence for the success of our initiatives within the scope of the 3 + One Program.

Ladies and Gentlemen, now I would like to give you the latest information on the status of the merger process.

As you know, the extraordinary General Meeting held on February 8, 2006 approved the merger project by a majority of 99.9 percent. Eleven contestations have been filed in the Munich Regional Court (*Landgericht München*) against the merger decision, and in some cases also against the capital increase facilitating implementation of the merger and the other resolutions related to capital, all of which we regard as unfounded.

We have therefore filed for a release ruling in accordance with Article § 16 of the Reorganization Law (Umwandlungsgesetz). This release ruling proceeding will decide whether the appeals prevent registration of the merger in the Register of Companies and hence preclude the merger from coming into force. We are confident that this proceeding will approve registration of the merger. Since this is an expedited procedure, we are assuming that a decision on the release will be handed down by September or October.

The process for integrating employees within the process of establishing the European joint-stock company has been launched in parallel. The negotiating body, in which employee representatives from all European Allianz companies are working out conditions of co-determination for the future European joint-stock company, was established on March 28. The body is now negotiating operational and entrepreneurial co-determination in the future Allianz as a European joint stock company with the corporate management teams of Allianz AG and RAS. We anticipate that the negotiations will have been concluded by September.

In summary: In order to reduce complexity, we implemented extensive measures in 2005. Unfortunately, reducing complexity is in itself a complex and extremely time-consuming undertaking. However, the first steps have been taken and we are confident that we will have moved forward significantly by the end of the year.

I should now like to come to the last item in the program, the + One, i.e. the increase in competitiveness and corporate value. I am very pleased to be able to state that significant progress has been made here as well. I'll start with the issue of competitiveness per business segment.

Our reference point for competitiveness in the Property/Casualty segment is the combined ratio. Here, we have been more successful than the group of our most important competitors for the third year in succession – in some cases significantly more successful.

The combined ratio is more than an indicator of profitability. The loss ratio shows the quality of the underwriting, i.e. the capability to identify risks, price them correctly and not to underwrite them as appropriate. In a nutshell, it reflects the ability to manage the insurance cycle successfully. We have proved that we can adopt disciplined behavior, in spite of increasing price competition, and are successful in that aspect. That means we are also a dependable and fair partner for our customers, albeit perhaps not always an easy one.

Performance of our market shares in key markets for the Life/Health segment demonstrates that we are well positioned to meet the competition head on. In Germany, Italy, France and the USA, we outperformed the market in 2005. In other promising retirement provision markets for the future, such as Eastern and Central Europe, and even India, we also have a leading position. This means we have an extremely good basis for continuing to grow with the demographic challenges.

Dresdner Bank was able to expand its customer base in the competition for new customers during 2005. After the direct bank ING-Diba, Dresdner Bank achieved the highest growth in Germany with 400,000 net new customers. This means Dresdner Bank outperformed all the other major banks. The sales power of the integrated financial services provider played a big role in supporting the acquisition of new customers. This success gives us confidence that we will be able to continue gaining important new customers with the new product initiatives, and stabilize this trend.

Asset Management brought about a tangible increase in its competitiveness. On the basis of an already high level, the performance of assets under management underwent a further significant improvement. As you can see on the left, the performance of 89 percent of assets was above its benchmark. While our bond portfolios again confirmed their outstanding performance, equity funds are now also contributing to the positive development.

This excellent performance has been rewarded by customers and brought with it a growth in net inflows over the entire year to 64 billion euros. This growth corresponds to an increase in assets under management by 11 percent. We therefore grew by twice as much as the competition and were able to confirm the positive trend from the years 2003 and 2004.

For example, in Germany dit was ranked for the first time as the investment company with the highest inflows in 2005 and increased its market share to 16.3 percent.

The capital market rewarded our results in 2005. Yesterday evening, the market capitalization of Allianz was 54.3 billion euros. By comparison with last year's Annual General Meeting, the value has therefore risen by 48 percent. Since May 2005, the Allianz share increased by 45.2 percent. This enabled the share to outperform its most important comparative indexes.

However, we are still not satisfied with the performance of our share. The outperformance is relatively low, and competitors like AXA or ING scored better. What's more, the share has been treading water since the beginning of the year, although analysts are favorably disposed to our share. A significant majority are recommending investors to buy Allianz shares, and they are expecting a rise in the price to 155 euros on average.

Ladies and Gentlemen, I should like to bring my report on the year 2005 to a close by taking a look at the status of our 3 + One Program.

We are well on the way and the mission is clear and unambiguous. We have defined the program as our mission and we need to continue pursuing our objective consistently. In concrete terms, this means:

- We need to continue increasing profitability and deliver the results promised in our 3-year plan.
- We need to implement the planned structural measures and conclude them positively.
- And we need to work at continuing to increase our competitiveness.

I am confident, Ladies and Gentlemen, that if we carry on working in this direction, our efforts will continue to be reflected in an increase in the corporate value of your Allianz. I am so confident of this because everything we are doing relates to sustainable entrepreneurial improvements rather than being one-off activities focused on short-term effects and quarterly results.

I'd like to compare the figures we have drawn up for 2005 with our competitors. I already made this comparison last year.

Where are we compared to our competitors?

It's gratifying that our increase in net income at 31 percent is higher than the increase in earnings achieved by most of our competitors. However, the chart also shows

- that a competitor like AIG is still significantly ahead in absolute terms, despite enduring a turbulent year, and
- that a competitor like ING can achieve significantly more earnings from the same capital base.

These companies represent, if you like, the top of the Champions League, and that's where we have to set our sights.

We are not the only ones aiming to gain ground. As you will have seen from the press reports during recent months, companies behind us in the rankings have initiated comprehensive programs in order not to loose ground.

Many of the measures announced are in line with the action plan we have already initiated: simplifying structures, exchanging successful processes and products between group companies, strengthened focus on customers.

One thing is also clear: The financial services sector is poised at a dramatic crossroads. Industrialization of the insurance sector will continue to increase. This is a development that many of the banks have already put behind them. A wave of consolidations is predicted and the takeover of GE Capital by Swiss Re or the bid by Aviva for Prudential in England in the spring of this year are indications of what is to come.

How are we positioned? Are we prepared for this phase of turmoil?

Ladies and Gentlemen, I am confident that we are well equipped to master the challenges I have outlined and that we will continue to increase results and generate a good yield – without going in for spectacular takeovers.

As an integrated financial services provider, we have an excellent basis. Allianz has a customer base numbering more than 60 million and it is represented in more than 70 countries – generally as a leading company. Our acquisitions in insurance business and our advances asset management and banking have not just meant that we have expanded our business model and given it an international profile. We also have all the product factories and sales channels necessary to offer our customers solutions that cover their concrete requirements and meet their specific needs for advice. We have a strong brand and we have the robust structure necessary to grow profitably. In short, we are confident of the superiority of an integrated financial services provider, in the knowledge that we are significantly ahead of most competitors in this regard.

Having said that, we certainly haven't exhausted all the opportunities open to us. We need to make more of the existing customer base and additionally use all the opportunities to convince new customers. But I'm also optimistic on this front. That's because our 3 + One Program has given us the tools and processes we need in order to be even more successful in turning these opportunities into reality. I would like to mention four aspects especially.

- We've started to develop a new business model which directs all processes towards customers. We will continue to pursue this approach consistently.
- The meshing of various dedicated sales channels with product factories has advanced well in individual countries in the form of bankassurance and assurbanking. The increasing coordination of product factories also features on the agenda. In concrete terms, this means bundling the know-how in order to create customer solutions that go beyond the scope of individual products.
- The sustainability program provides us with a powerful process for exchanging superior processes and products between our companies. We are seeing initial successes with the mutual introduction of "Best practices" and there are lots of other possibilities.
- Our customer focus initiative has made good progress. The concept is now advanced enough for us to be in a position to provide our subsidiary companies with clear goals directed toward improving their customer orientation. A new controlling mechanism that augurs well for the future.

The bottom line is that we have all the assets we need to continue with profitable growth. I should like to demonstrate this in concrete terms for the four areas I have highlighted that require action.

The example of restructuring our insurance activities in Germany demonstrates what the most fundamental issue is all about – the new model for our business operations.

As outlined above, we are represented with three companies in the German market. Up to now, each of these companies has had its own product development, its own dedicated sales organization and its own operational structure for managing contracts and settling claims.

Repositioning our activities in Germany removes these structures and transfers them to an operating model that we developed in Austria and then implemented successfully in Switzerland.

The target model is based on two key principles.

First, the activities or core competences that distinguish the individual product lines from each other are kept separate. This especially includes risk management and product development, which is very different from one product line to another.

Secondly, we merge all the activities that operate independently of the product line. This includes sales that we've bundled in a separate company, Allianz Beratungs- und Vertriebs-AG, giving it more punch. It also includes operations, i.e. contract management and claims settlement. These processes are so similar across different product lines that they can be bundled in a single unit. And this process of bundling is where there is the greatest potential for efficiency.

This business model is focused on customers. That is where we bundle marketing activities with the aim of developing a holistic perspective on customers and enabling us to provide them with support across a range of insurance lines.

I hope that this short outline has given you an impression of our intentions with the new business model. I believe it will also have shown you that the restructuring program in Germany amounts to much more than a basic cost-cutting exercise.

Let's return to the tangible results on the route to being an integrated financial services provider.

The chart provides an overview of the route we have taken over the years. As a composite insurer with strong agency sales, we initially expanded sales over banking counters with cooperation partners – bankassurance. The next stage involved expansion of asset management by moving into asset management for third parties and the sale of fund products through our agents. The acquisition of Dresdner Bank marked a further stage in the process of development: going into banking business and building up assurbanking, i.e. the sale of banking products through insurance sales.

Even if the development work was tough at times, the figures for Germany now demonstrate that this route was definitely worthwhile.

- The volume of managed-fund products sold through agents and banking branches has increased almost sixfold from 509 million euros in 2004 to almost 3 billion euros in 2005.
- Bankassurance is becoming increasingly important for selling our insurance products and continued on an upward trend in 2005. 5 percent of revenues in Property and Casualty insurance is generated through Dresdner Bank and every eighth Allianz life insurance policy is now sold over banking counters.
- We have achieved a quantum leap in the sale of banking products through Allianz agents. They have acquired more than 370,000 new customers for Dresdner Bank. The

assets managed by the bank as a result of this also advanced significantly to more than 650 million euros.

We are continually being asked whether these new customers generate income for Dresdner Bank. The answer to this question is a clear Yes. Although the majority of new customers was only gained in the second half of 2005, the bank has generated 100 euros gross income for each customer. The level of income generated from banking customers acquired through the agents is therefore clearly comparable with income from branch customers.

These successes are gratifying, but they are only the first step. We need to convince even more insurance customers about the superiority of our banking and asset management products – and vice versa.

I should like to put forward two concrete examples of how Allianz can create value added as a result of cooperation between product factories.

The first example comes from the area of private customers. The chain shown highlights the different stages a customer investing in a property goes through. Saving up for the property is the main focus in the initial stages. Once there is some capital available, the customer looks for an appropriate property. Then the customer needs to provide the finance, insure it and later carry out renovations.

The integrated financial services provider helps the customer at every stage. We are able to offer a seamless chain of value added, because we link up product factories and create solutions. During the savings phase, we support customers with home-loan savings products, banking or managed-fund products. We provide support in the search for a property or in the selling process through the Allianz Real Estate World. Naturally, we also provide finance and insurance for the property. We are able to support the entire procedure with an integrated computer program – our Real Estate Manager. Please use this opportunity to pay a visit to the model agency that we’ve set up in the hall close to the West entrance.

Cooperation between the product providers also creates value added for us. This is shown by the figures for Allianz Dresdner Bauspar AG. Since 2002, the company has grown profitably and more robustly than the market, and it has also been able to acquire new customers. Our market share increased overall by 33 percent.

The future area of Renewable Energies is an example of integrated product development in the corporate customer sector. Global investments of up to € 200 billion are expected in this segment by 2020.

We can see great business potential here. Within the network of product providers, we are in a position to deliver all the services our customers require as they invest in renewable energies, from wind and solar power to biogas. Our expertise in the field of assessing technical standards is unique with the Allianz Technology Center. Dresdner Bank and Allianz Capital Partners, our private equity unit, manage finance know-how for loans, syndications and equity capital. Capital Partners alone will be investing 500 million euros over the next 5 years. We are able to provide insurance cover for the operating risks of this relatively new technology.

In this way, our know-how uses the development of a future area of key importance to the community – with opportunities for good returns. I am proud that we have been able to position ourselves as one of the world's leading risk managers at an early stage.

These are only two examples of integrated solutions at Allianz. Other notable instances are our offers of certificates and certificate funds or the startup package for students with specific insurance and banking services, and the student loan. There are other examples for corporate customers, such as the services of Allianz Dresdner Pension Consult, which helps companies to finance and manage pension obligations – and to relieve the burden on their balance sheets.

Ladies and Gentlemen, a year ago I presented you with the basic features of our sustainability program. The focus here is on transferring successful products and processes to other countries and units. We want to move different levers in order to enhance operating profits:

- We want to grow more dynamically.
- We want to serve our customers more effectively.
- And we want to become more efficient overall.

Many examples for property and life insurance provide evidence that we can achieve sustainable results by exchanging superior ideas. Again, I would like to give you an example – the Allianz IndexPolicy that was recently set up in Germany.

This policy is a life insurance policy that links the guarantee for repayment of the premiums paid with a return, with the opportunities of the equity market in the form of a certificate investment. Our American subsidiary Allianz Life has enjoyed success with this product for many years. We can learn from this success. We introduced this product in Asia two years ago. In Germany, Allianz Leben generated investment inflows amounting to 100 million euros within the space of a few weeks with the IndexPolicy. This is only one example of many.

Growth is also the focus of our customer focus program. The goal of this program is to improve customer satisfaction. Satisfied customers are the cornerstone for growth, because they generate new customers, they buy more products, and they stay with us. That's why we are measuring our customers on the basis of how customer-oriented they are. A simple criterion has proved definitive as a yardstick for customer orientation: the willingness of customers to recommend their insurer to other people. We now measure this worldwide by comparison with competitors and very concretely in individual customer contacts.

We have carried out a comprehensive study within the scope of this customer focus program. It demonstrates that the readiness to recommend further can be expanded in many of our units and that our subsidiary companies undergo stronger growth as the willingness to recommend increases. For that reason, we will be creating new incentives and initiating changes. A higher level of willingness to recommend will also be a concrete constituent of our compensation including that of Board Members.

Ladies and Gentlemen, I should now like to conclude with a summary.

In 2005, Allianz achieved good results that have generated interest in the capital market. But we can achieve more and that's what we want to do. We want to continue to grow profitably and organically in order to increase the value of your company in a truly sustainable way.

We are confronted by the special challenge that with the publication of our report submitted for the merger we published our planning strategy covering the next 3 years for the first time. We are well aware that this makes the expectations of the market – your expectations – more concrete than ever before. And we are conscious of this special responsibility: we are firmly committed to meeting our medium-term plan.

I have already presented you with our response to the challenges. We will continue to pursue the course we have charted, in 2006 and beyond.

I should like to conclude my report with an initial estimate of how the year 2006 has gone so far. We will publish the complete report for the first quarter on May 12.

During the first three months of this year, Allianz continued with positive development.

On the basis of preliminary figures, revenues look likely to have increased by 4.9 percent to roughly 30 billion euros. The operating profit increased on a comparable basis by 42 percent to 2.7 billion euros. Overall, all business segments contributed to the increase in earnings. Especially Dresdner Bank and parts of the life insurance business benefited by the positive developments in the capital markets. In addition, there were no significant natural catastrophes in the first quarter.

Net income for the quarter went up by 1.3 billion euros to 1.8 billion euros. This corresponds to an increase of 34 percent. Shareholder equity also increased and was at 41 billion euro at the end of the first quarter.

You should note that we have reorganized reporting for the first quarter. In the current context, this is important for the operating profit, where investment results in parts of life insurance business are included in the operating profit. This reorganization means that we are now in line with standard practice for calculating the operating profit in the European market. We have therefore adjusted the figures for the previous year appropriately in the comparisons listed here.

Ladies and Gentlemen, we are very pleased with the good results for the first quarter. However, we are also well aware that these results cannot be extrapolated over the whole year. However, the result is an initial indicator that we will achieve our goals for 2006.

I would like to conclude my presentation with this optimistic outlook and thank you for your attention.

These assessments are, as always, subject to the disclaimer provided below.

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

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