Allianz Shared Infrastructure Services GmbH

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Annual Report 2007

At a glance

	2007	2006	Change 2007 vs. 2006 in %
Key commercial figures			
Sales in € million	690,2	654,6	+ 5,4
Investments in € million	75,2	92,5	– 18,7
Employees as at 31 December	1 318	1 995	– 33,9
Key technical figures			
Computing capacity in MIPS	53 487	51 111	+ 4,6
Disk space in terabytes	1 730	878	+ 97,0
Servers	6 155	5 751	+ 7,0
Workstations	91 816	93 782	– 2,1
Pages printed in millions	714	682	+ 4,6

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Supervisory Board

Dr. Friedrich Wöbking
Member of the Board of Directors
Dresdner Bank AG
Chairman

Manfred Büttner
Employee
Allianz Shared Infrastructure
Services GmbH
1st Deputy Chairman
(from July 1, 2007)

Rainer Eigenbrod
Employee
Allianz Shared Infrastructure
Services GmbH
1st Deputy Chairman
(up to June 30, 2007)

Dr. Eckhard Hütter
Member of the Board of Directors
Allianz Lebensversicherungs-AG

Wilfried Johannßen
Member of the Board of Directors
Allianz Private
Krankenversicherungs-AG

Jürgen Lawrenz
Employee
Allianz Shared Infrastructure
Services GmbH
(from July 1, 2007)

Dr. Christof Mascher
Member of the Board of Directors
Allianz Deutschland AG

Wulf Meier
Member of the Board of Directors
Dresdner Bank AG
2nd Deputy Chairman

Matthias Neuburger
Employee
Allianz Shared Infrastructure
Services GmbH

Cornelia Pielenz
Ver.di
Vereinte Dienstleistungsgewerkschaft
(United Services Trade Union)

Peter Radig
Employee
Allianz Shared Infrastructure
Services GmbH

Achim Schäfer
Ver.di
Vereinte Dienstleistungsgewerkschaft
(United Services Trade Union)

Volker Steck
Member of the Board of Directors
Allianz Versicherungs-AG

Report of the Supervisory Board

We have constantly monitored the business activities of management in accordance with the duties assigned to us by law and the Articles of Incorporation and at the same time supported management in an advisory capacity. In connection with monitoring and advising activities, the Board of Directors regularly provided us with timely and comprehensive information, both in writing and verbally. In the period under review, the Supervisory Board met three times: in March, June and November. At those meetings, management reported to us on business developments, the economic situation and the strategy the Company intends to pursue. We were directly involved in decisions of fundamental importance.

Consulting focused on the Company's business field strategy. At all the meetings, management informed us about ongoing project activities and discussed in depth the organizational and personnel policy effects this would have on the Company.

KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, has audited the financial statements and management report of Allianz Shared Infrastructure Services GmbH and issued an unqualified opinion on the 2007 financial year.

The financial statements, management report and auditor's report by KPMG were available to all members of the Supervisory Board and were discussed in depth during the Supervisory Board meeting on March 6, 2007 in the presence of the auditor. On the basis of our own review of this documentation presented by management and the auditor, we make no objections and concur with the audit findings by KPMG. The Supervisory Board has approved the financial statements prepared by management.

The previous 1st Deputy Chairman of the Supervisory Board, Mr. Rainer Eigenbrod, resigned his seat on the Supervisory Board with effect from June 30, 2007. His seat on the Supervisory Board was taken by Mr. Jürgen Lawrenz as elected substitute member. The Supervisory Board elected Mr. Manfred Büttner as 1st Deputy Chairman of the Supervisory Board. The Supervisory Board would like to thank Mr. Eigenbrod for his expertise and dedication to the Company.

The term of office of the current Supervisory Board will end with the general meeting of shareholders in April 2008. Beginning with the next term of office, the Supervisory Board will, in accordance with the One-Third Participation Act, consist of four shareholder representatives and two employee representatives.

The management structure was changed in connection with the implementation of the Company's strategy. Effective July 1, 2007, the Supervisory Board appointed Dr. Markus T. Müller to the position of Managing Director and Director of Labor. Messrs. Dr. Martin Elspermann, Gert Herrmann and Hermann-Josef Müller became members of the newly created Executive Committee; their terms as Managing Directors ended on June 30, 2007. We thanked Messrs. Dr. Elspermann, Herrmann and Müller for their success as Managing Directors.

The Supervisory Board would like to express their thanks and recognition to management and all the staff for the work done in the 2007 financial year.

Munich, March 6, 2008

For the Supervisory Board:

Dr. Friedrich Wöbking, Chairman

Management

Dr. Markus Müller
Member of the Board of Directors
Diplom-Informatiker
(Diploma in Information Siences)
Chief Technology Officer
(from July 1, 2007)

Dr. Kurt Servatius
Chairman of the Board of Directors
Diplom-Kaufmann
(Diploma in Business Administration)
Corporate management
(up to June 30, 2007)
Member of the Board of Directors
Chief Operating Officer
(from July 1, 2007)

Gert Herrmann
Member of the Board of Directors
Diplom-Ingenieur
(Diploma in Engineering)
Diplom-Wirtschaftsingenieur
(Diploma in Industrial Engineering)
IT Services
(up to June 30, 2007)

Dr. Martin Elspermann
Member of the Board of Directors
Diplom-Ingenieur
(Diploma in Engineering)
Engineering
(up to June 30, 2007)

Hermann-Josef Müller
Member of the Board of Directors
Diplom-Mathematiker
(Diploma in Mathematics)
IT Operations
(up to June 30, 2007)

Management Report

1. General information

One of the 2007 financial year highlights for the Allianz Shared Infrastructure Services GmbH (ASIC) was the renaming of the Company from AGIS to ASIC effective June 19, 2007. This renaming creates a forward-looking, European outlook for Provided Services of ASIC. The CREDO (Consolidation and Rationalization of the European Data Center Operations) program laid the foundation for European integration. This program launched the consolidation of the IT infrastructure units of the Western European Allianz Companies in 2007.

The successful conclusion of the outtasking agreement with the provider Fujitsu Services GmbH and the transfer of employees and services effective June 30, 2007 (asset transfer) / July 1, 2007 (personnel transfer) resulted in a considerable vertical integration reduction in the division.

The company is headquartered in Munich. Seats on the Supervisory Board are held equally by representatives of the shareholders and employees.

2. Allianz Shared Infrastructure Services Strategy

In the framework of the overall Allianz IT strategy, and based on a preliminary joint study with all the European Allianz units, a standard consolidation and improved efficiency organization for infrastructure operations in Europe has been developed. The objective of this plan is to consolidate in Munich the entire computer center operations of the European units within the next few years. As a result of these activities, AGIS was renamed to Allianz Shared Infrastructure Services GmbH (ASIC). The relevant employees of the Allianz Group were transferred to ASIC.

The technical aspects of this implementation are already well under way. In total, seven of the eight mainframe computers in Europe have already been moved to Munich. Key objectives for 2008 primarily relate to server consolidation and server migration. The comprehensive preparations for this are already running at full speed. Allianz Belgium was the first to complete this step; by the end of 2008 Allianz Suisse, Netherlands, Ireland, United Kingdom (UK), as well as Darta Savings and Allianz Global Corporate & Specialty (AGCS) will have also done so.

The employees and responsibility for global IT purchasing have also been transferred to ASIC. Bundling resources in this area make it possible to create a more efficient framework for cost reductions in the purchase of IT services, hardware and software. This creates significant purchasing cost savings for our customers in Germany and for the entire Allianz Group.

The ASIC strategy is a consistent development of the integration of the AGIS strategy into the Allianz strategy 3+One, the shared leadership values as principles of management, as well as the Allianz IT strategy.

ASIC provides IT for integrated financial services – across borders and group companies while supporting customer business-process innovation by providing shared services.

For the next few years, ASIC will primarily focus on the needs of the customer, provision of efficient and innovative IT services and individual development of employees. ASIC fosters the daily implementation of common values:

responsive – reliable – responsible

3. Strategic business areas

ASIC is a full-service provider, engaged in the development and operation of IT infrastructures as well as maintenance and operation of information systems within the Allianz Group. ASIC develops, installs and operates market-tested IT technology for mainframe computers, client/server systems and networks.
ASIC provides reliable and high-quality services in the following business areas:

- Projects & Consulting
- Infrastructure / Application & Data Services
- Workplace
- Print & Output Services

The business areas are supported by cross-departmental functions:

- Security
- Manage & Source

Projects & Consulting

In the design and implementation phase, Consulting ensures integration into the existing application and system environment and, at the end of the project, supports roll-out of the systems into production IT operations.
We highlight new technology trends to our customers, with ongoing advice regarding IT standards and the IT architecture. Projects & Consulting is an interface to the application development sections within the Group. Responsibility is taken for both the quality of the project work and full performance of the contract as well as meeting the project objectives. This involves performing coordination, control and management functions simultaneously on a centralized basis. As far as the customer is concerned, this represents an ”all-inclusive“ service for projects.

Infrastructure / Application & Data Services

The Infrastructure / Application & Data Services sections focus on operating the ASIC computer center in Munich and disaster backup in Stuttgart. With a total of 6 155 servers, computing capacity of 53 487 MIPS and disk storage of 1 730 terabytes, ASIC operates one of the largest computer centers in Europe. The core objective is to ensure smooth operation and compliance with the Service Level Agreements.

One of the highlights of 2007 in this area was the move of mainframe computers of CREDO customers in Western Europe to the computer centre in Unterföhring (Allianz Belgium, Allianz Netherlands, Allianz UK, Dresdner Kleinwort Investment Bank London). There was also a sharp increase in domestic customer project activity, for example Allianz Business System of Allianz Deutschland AG (ADAG). In this case ASIC set up, built and put into operation the IT infrastructure. In addition, in 2007 more than 500 Intel servers (Windows and Linux) were put into operation, almost twice as many as during the previous year. This was also related to the necessary infrastructure expansion measures (disk space, networks and management systems).
A significant milestone in the standardization of the Allianz Group email system in Germany was achieved with the conversion of the Allianz external service to Outlook / Exchange in the spring of 2007. With some 100 000 mailboxes, all the German Allianz companies now have a standardized email system. From 2008, the remaining 140 000 mailboxes of the entire Allianz Group will be converted to this system.
In networks and firewalls, the existing infrastructure was expanded, and in some areas was adapted to meet the expected demand arising from EU standardization. For example, the firewall hardware platform was converted to a new, more economical solution.
In the area of security of operations, a ”black building test“ was carried out, during which the electricity supply of the computer center was completely switched over to our own emergency electricity supply for a period of several hours. This demonstrated that the electricity supply conversion work in the past few years is of very high quality and that this environment, with the highly complex interaction of all components, can be installed at any time.

Workplace

Workplace comprises all products and services related to PC workstations. The focus of activities in the business area was the conclusion of the outtasking agreement between ASIC and Fujitsu Services GmbH, as well as its subsequent implementation. The integration of Provider Fujitsu Services GmbH as a strategic partner resulted in a significant vertical integration reduction in the business area. Effective July 1, 2007, Network Services (except for BGU network) was integrated into the business area, with the result that in the future there will be single-source product-oriented management for all managed services along the Unit Networks, Telecommunications (TC) and Workplace. In Unit Networks, in the European environment, high-performing redundant network links to the Allianz Companies have been established. In the domestic network, the migration of the corporate network to a pure IP platform (Multiprotocol Label Switching – MPLS) was concluded (some 1 100 domestic locations), thus achieving further standardization of network services. In addition, entire network infrastructure for the new call center of Allianz Deutschland AG (ADAG) in Leipzig was expanded, a high-performance network system in the computer center with a high level of availability was established as the basis for further centralization of servers, and around 90 automatic teller machines in Allianz agencies were connected through the corporate network. The Unit TC consists of the technical sub-areas of voice networks (TC link-ups and mobile networks) in insurance and bank buildings; TC equipment; trading, call-center and CTI solutions; and the expansion and bringing into service of the Customer Care Center / Product & Process Center (CCC/PPC) in the Northeast Service Area of ADAG in Leipzig. At the same time, in the Unit Workplace the Workplace Efficiency Program (WEP), implemented together with the customers (especially at ADAG), was continued in order to introduce a more consistently standardized client with automated support processes.

Print & Output Services

In the business area Print & Output Services, the focus of 2007 was to further improve teamwork with customers. The Print & Output Services department has implemented the new requirements for policy design, paper weights and processing large orders in accordance with customer needs. To support these changes, internal hole modules were installed and the implementation of roll-roll processing continued, resulting in productivity gains. In addition, all the technical preparations for the new requirements arising from the Insurance Contract Act as at January 1, 2008 were completed, and the risk of additional amounts and production forms expected as a result were minimized. In the office area, the copy shop is able to ensure production of data of all sizes and in different media.
The necessary tests for an external backprinting process outside the BGU were completed successfully, providing broad assurance of an increase in operational security. The increase in orders in 2007 and the additional successful technical and personnel improvement measures are keeping pace with other print providers. Synergies in postage were achieved through additional consolidation of letters to customers.

Security

No significant security events occurred in the financial year 2007. The implementation of the general policies of the Group Information Security Framework (GISF) continued, and these were taken into account in all changes and further development of the IT infrastructure.
In order to implement the Security Framework, ASIC produces and maintains the detailed configuration guidelines and security process guidelines in the ASIC Security Specifications (ASS), which were revised and supplemented in the annual review.
The reporting system on essential IT security activities consists of the weekly status report covering current software weaknesses and corrective action as well as current special security events. Since April, this has been expanded to include monthly reporting of essential monthly security events, with statistics on malware protection and spam recognition, with overviews on security incident handling and progress reports on security implementation measures.
With the increase in outsourcing of IT services in the Group, the focus of the GISF requirements and the ASIC Security Specifications has been expanded to include the services provided by selected providers. For example, for the outtasking of network and client services in accordance with the ASS ”Security Review for Outsourced IT Services“, effective agreements for fulfilling the security requirements with the provider Fujitsu Services GmbH were signed. The expansion of the necessary controls begun on July 1, 2007 and will be completed under the transformation phase. Security controls include SOX controls, which have been seamlessly transferred to the provider Fujitsu Services GmbH. The security requirements were included in the Request for Proposal (RfP) in the European Sourcing Project. The European Information Security Officers agree to these security requirements.
To improve the bundling and management of all security-related implementation measures within ASIC, at the beginning of December the IT security working group was established. This group regularly plans and evaluates the necessary implementation measures and prioritizes them for subsequent steering commitees.
In the framework of the CREDO migration and in cooperation with the European Information Security Officer and network experts, the requirements for the client-oriented network connections of each company were coordinated and agreed with the BGU computer center and the European network EUWIN was expanded. The CREDO demilitarized zone (area secured by firewalls) was expanded in the BGU to secure the German corporate network and the European companies, for dedicated administrator access and for the future integration of European external connections.

Manage & Source

Manage & Source combines cross-departmental functions that provide services for ASIC business areas. The fundamental functions are Business Management, Internal Audit, IT Purchasing, Communications, Human Resources and Risk Controlling.
The business management tasks here include the complete commercial process from accounting to costing to billing. To support management, central controlling tools have also been provided that enable timely and sound business management.
Internal Audit constitutes an important measure for evaluating proper operations, security and cost-effectiveness of operational and business procedures. It supports management in performing their control duties. Internal Audit conducted both its own audits and joint audits with the audit departments of individual Group companies.
Central IT purchasing fosters attractive prices while maintaining a high quality of service. In Germany, ASIC will continue the strategic and operative services and in doing so, will further improve customer interfaces, process and IT systems in particular. Internationally, the goal is a continuous transformation of IT purchasing to a central purchasing model for all standardized IT products by the end of 2009.
IT Security, SOX management and Operational Risk Controlling are combined centrally as a staff function under the Risk Controlling function.

4. Outtasking

In August 2006, ASIC decided to reduce its vertical integration and to work together with a strategic partner in the areas of Workplace, Networks and Telecommunications.
On May 15, 2007, an agreement with Fujitsu Services GmbH was signed after an intensive tendering process. After the outtasking agreement between ASIC and Fujitsu Services GmbH was signed, the transition phase (May to August) was entered into, in which the following conditions for the transfer of operations were established: Approval from the anti-trust authorities and BaFin, sending of the transition letters to the affected employees, transfer of assets and contracts. In order to be able to achieve the objectives of securing operations, minimal interventions in processes and systems as well as planning of the subsequent transformation during this phase, all functions were assumed equally by ASIC and Fujitsu Services GmbH. As at June 30, 2007 (asset transfer) / July 1, 2007 (personnel transfer), the operational transition of the outsourced areas of Workplace, Networks and Telecommunications and of the 467 employees was successfully completed. After the successful conclusion of the transition phase, at the end of August the transformation phase began. The transformation phase comprises a time span of 12 – 18 months, during which the actual operational transition to the provider Fujitsu Services GmbH will be completed and all outstanding issues, such as the adaptation of systems and processes, will be clarified in order to further improve operations.

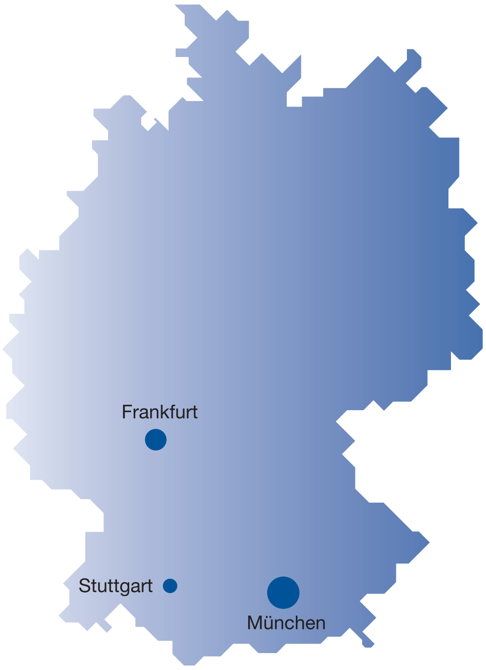
5. European Integration

Migration activity was strengthened in the second half of the year with the positioning of ASIC as the IT service provider for, initially, 14 Western European units. Effective July 1, 2007, AGIS was renamed to ASIC. This renaming creates a forward-looking, European outlook for Provided and Managed Services of ASIC.
With the CREDO program, the IT infrastructure of the European Allianz units is being centralized and standardized. In doing so, mainframe and server operations will be internally consolidated as core competences (”core services“ or ”provided services“), while desktop, network and telecommunications services will be outsourced as ”non-core services“ or ”managed services“, similar to the existing strategic partnership. By spring 2007, with the participation of ASIC and 14 European units, projects with concrete savings objectives for both of the named areas were defined. Together, these make up the CREDO Business Case. CREDO was approved for execution by the Allianz SE Board in April 2007. With this resolution, ASIC was named the focus of consolidation and assigned the task of transforming itself from a largely German IT service provider into a European IT service provider.

6. Human Resources

With 1 318 employees as at 31 December 2007 at the three main ASIC sites of Munich, Frankfurt and Stuttgart, there has been a reduction compared to the previous year of 677 employees (31 December 2006: 1 995 employees). In conjunction with outtasking to Fujitsu Services GmbH, on July 1, 2007 a total of 467 employees were transferred to Fujitsu Services GmbH. In conjunction with outtasking of individual units, 62 employees were transferred to the Allianz Group. The headcount continues to be subject to general fluctuations in Allianz Group.
Trainees receive their training centrally at the Munich site. There are a total of 18 trainees (six in each year of training).

Main sites



- Munich
- Frankfurt
- Stuttgart

7. 2007 Highlights

The highlights of the financial year 2007 were the renaming of the Company from AGIS to ASIC, focus on the core business together with related outtasking, and restructuring from a German company to a European company.

■ SCOPE – Outtasking to Fujitsu Services GmbH

On May 15, 2007, the agreement with Fujitsu Services GmbH was signed after an intensive tendering process. The agreement governs the transfer of assets and 467 employees from the areas of Workplace, Networks and Telecommunications to Fujitsu Services GmbH.

■ CREDO – Consolidation and Rationalization of the European Data Center Operations

A large number of technical changes were necessary within the CREDO program to optimize the European infrastructure within ASIC.
From the end of 2007, in addition to the mainframes which had already been migrated for Austria, Suisse and Euler Hermes Hamburg, the mainframes of Allianz Netherlands, Belgium and the UK in Unterföhring were also operated. Austria is still in the "Housing" stage, while the other units are already being offered "Virtual Platform Hosting". To simplify the complexity in the European environment, the decision was made to introduce a two-stage organization model in which all administrative functions, including Local Service Management (LSM) organization remain on-site. The primary tasks of LSM are service delivery and controlling for decentralized services and vendor management. The Local Service Manager reports to the local Chief Information Officer and centrally to ASIC. In this way, initially there will not be any ASIC operating locations in the organizational units.

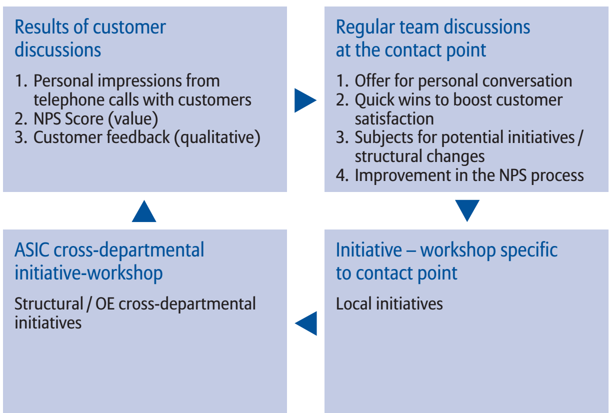
■ ABS – Allianz Business System

The introduction of the new operating model at Allianz Deutschland AG made good progress in 2007. In September, the Northeast Service Area began pilot operations. The objective of the new operative model is a jointly coordinated entry into the market of property, life and private health insurance. The reason for this, in addition to the operative repositioning, is a broad-based IT system (Allianz Business System) for insurance operations in Germany.

The new, broader IT system ABS requires an extensive IT infrastructure. ASIC has designed a high-performance IT infrastructure and at the beginning of September it was brought online with the pilot operation in the Northeast Service Area. This infrastructure is the basis for a comprehensive digital work process. In addition, telephony for the Northeast Service Area was redeveloped and put into operation with CTI equipment (computer-telephony-integration) that is one of a kind. In the first phase, some 2 000 new clients were set up with application software and a centralized database system in the highly secure host environment at the Munich location, which serves as a data hub. In order to optimize the exchange of information and to additionally reduce access times, LAN servers between the application PCs and host environment were also installed at the locations.
The next step will be to migrate the Northwest, Southwest and Southeast service areas to the new operative model.

CFI – Customer Focus Initiative

With the Customer Focus Initiative (CFI) launched by the Allianz Group, ASIC seeks to receive as precise and comprehensive a picture as possible of customer requirements in order to better meet their needs in the future. To this end, customers at certain contact points are questioned about their experience with ASIC. In addition to Account Management Insurance, Account Management Bank and Central SAP Operations Service, Output Management has also received the CFI questionnaire. One contact point, the ASIC Service Desk, has been staffed as part of Managed Services Fujitsu Services GmbH since October. The first step is to gather data, and the key second step is to put the potential improvements into practice in order to ensure a long-term increase in customer satisfaction. In the coming months, the primary focus will be on improving cross-departmental cooperation with the customers. There is a close connection in this respect between CFI and the process improvement program Top Quartile for Operational Excellence (TOPEX) in order to implement improved procedures at certain sensitive points.



TOPEX – Top Quartile for Operational Excellence

The new initiative Top Quartile for Operational Excellence (TOPEX) was started in the third quarter of 2007. TOPEX is based on the methods of the Allianz OPEX Program, which is primarily designed to improve procedures. The objective is to launch a few streamlined projects lasting four to six months that have a rapid and lasting impact. These projects largely address analysis and the restructuring of procedures that have high throughput times or that reveal poor quality. Intended to be an ongoing program, the Top Quartile for Operational Excellence (TOPEX) program was started with four themes in 2007: Workplace Provisioning, Server Provisioning, VPN Product and Release Management Database.

SOX – Sarbanes-Oxley Act

The Act requires that all material procedures for financial reporting be documented. It also requires an effective internal control system. ASIC once again successfully passed the review of the internal control system carried out by auditing company KPMG this year. The positive results provide the foundation for SOX compliance in respect of German companies within the Allianz Group. For our German customer companies, ASIC has successfully covered the relative risks for SOX through effective IT controls in operational procedures. In total, there are 52 SOX-relevant controls in 11 basic IT processes. Of particular importance among these is the process DS5 "Guarantee system security". It includes ensuring sufficient protection against viruses, a comprehensive firewall compartmentalization of the corporate network, a preventive and sustainable security incident handling and controls on administrator and user rights. In 2007, the existing controls on administrator rights for the Host, Unix and Windows system platforms will be expanded to include the basic program libraries and databases. As part of the CREDO migration projects, the process of ensuring SOX compliance was defined for the European customer companies. Coordination with the organizational units, which until now have had data stored in the computer center, is completed or in process. The activities for the CREDO organizational units are, whenever possible, integrated into the existing standard SOX procedures and controls. Of particular importance for the storage service is the DS12 "Management of IT equipment" process, in which the basic supply and building security of the computer center is ensured and additional authorizations are controlled.

Technical Consolidation

One of the most important aspects of making ASIC an integrated, highly productive service provider is the physical centralization of the hardware (mainframe and server) at the Unterföhring location. This process should be completed by 2009. There are currently four organizational units being integrated in parallel – AGF Belgium, Allianz United Kingdom, Allianz Netherlands and AGCS. ASIC is currently negotiating agreements with a few additional organizations. Meanwhile, other organizations are in the preparation phase. In addition, work has begun on building up the European core network. The migration is proceeding successfully and according to plan. In addition to adhering to the schedules, attention is focused on business continuity and security.

Technical migration takes place stepwise according to four clusters

Status	Organization units
Hosting light in Unterföhring established	■ Allianz Austria (Mainframe) ■ Allianz Netherlands (Mainframe) ■ Allianz Suisse (Mainframe) ■ Euler Hermes (Mainframe) ■ Allianz Belgium (Mainframe) ■ Allianz UK (Mainframe) ■ DKIB (Mainframe)
Migration project ongoing	■ Allianz Belgium (Server) ■ Allianz Ireland (Server) ■ AGCS (Server) ■ Allianz Suisse (Server)
Negotiations ongoing	■ Allianz Netherlands (Server) ■ Darta Savings
Pre-phase analysis ongoing	■ Allianz UK (Server) ■ Allianz Austria (Server) ■ Mondial Assistance Group ■ Allianz WWC ■ Allianz Greece ■ Allianz Re Dublin ■ Iberica (Allianz Spain and Allianz Portugal)

■ WEP – Workplace Efficiency Program

The WEP contract was awarded through the Allianz Group. This new concept is being implemented worldwide throughout the Allianz Group. In the first quarter of 2007, the technical WEP client conditions were created for unattended remote installation of PCs for back office services. In April, the new, standardized software distribution process ”ADAG-ZOVI“ based on the external service for WEP clients went live. In parallel to this, the general conditions for the new steps of the process in relation to software change management was established and introduced.

With this process, the first software sets for step 1 for ADAG and ASIC were developed and made available for the rollout. After completion the infrastructure measures and managing them at ASIC, the rollout at ADAG began in May: by the end of 2007, about 11 500 PCs in level 1 were converted to WEP. Migration activity for level 2 has been underway since November. In 2008, remote workplaces and the PCs of other organizational units were also converted to WEP.

The increased demands made on the WEP client by ADAG for ABS during the course of the project were all taken into consideration and implemented in conformity with the WEP concept.

■ License management

The license management system implemented in the financial year 2006 was introduced successfully in the purchasing department. After the introduction of the system, the operational license management procedures for license planning, control and reporting were successfully established. Establishment of the commercial contract database made good progress in the system so that in 2008 comprehensive compliance checks can be established to the client and server.

8. Business development in 2007

As in previous years, ASIC focused primarily on services within the Allianz Group. The proportion of sales to customers outside the Allianz Group is low (0.3 per cent). As remuneration for the services, calculated full-cost prices (including costing-based interest on the weighted shareholders' capital) were invoiced to the Group customers.

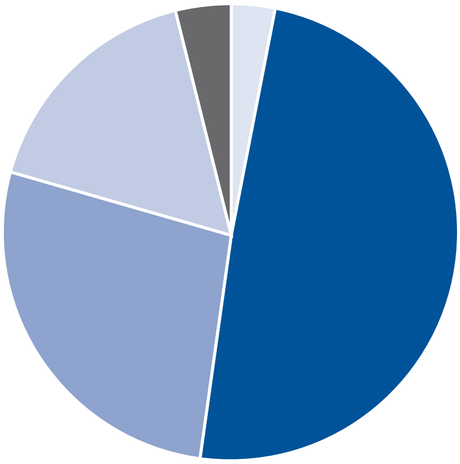
In 2007, sales of IT services amounted to € 690.2 million, up 5.4% in comparison with the previous year (2006 sales: € 654.6 million).
Sales (in € million) break down over the individual ASIC business areas as follows:

Projects & Consulting	25.4
▶ Infrastructure / Application & Data Services	339.0
▶ Workplace	188.5
▶ Print & Output Services	114.3
▶ Other (principally credits from ▶ full-cost settlement)	23.0
Total	690.2

The position ”Other“ totalling € 23.0 million contains an additional € 42.3 million, which was calculated on full cost settlement for a provision that was set aside in respect of costs until 2011 arising on the previously contracted outsourcing agreement.

Sales break down across the business areas as follows:

Sales by business area



Projects & Consulting	3.7 %
Infrastructure / Application & Data Services	49.1 %
Workplace	27.3 %
Print & Output Services	16.6 %
Other	3.3 %

Total income, for example sales (€ 690.2 million) and other operating income (€ 39.2 million) amounted to € 729.4 million.

Expenses amounted to € 726.9 million, up 7.6 per cent over the prior year due to additional tax charges arising on outtasking and the CREDO program.

Interest income came in at € 5.5 million. Interest expenses increased in comparison with 2006 to € 0.4 million. The equity ratio stood at 55.3 per cent as at the balance sheet date.

Net profit on ordinary activities before taxation of € 7.6 million reflects interest earned on equity and transactions with customers who are not invoiced based on full costs.

Capital expenditure in IT infrastructure

Overall, 2007 investment was lower than in 2006, due to a reduction in non-current assets. The basis for all capital expenditure is a coordinated investment plan meeting all requirements. ASIC incurred total investment of € 75.2 million in 2007 broken down (in € million) as follows:

► Client / Server Hardware	37.4
► Mainframe Hardware	7.1
► Storage media	1.6
► Software	13.3
► Printing and post-processing	3.0
► Communication facilities	0.8
► Network components	4.0
► Operating / business equipment	0.2
► Low-value goods	4.3
► Investments	3.5

This capital expenditure was financed from sales proceeds and available cash.

IT expenditures rose, while payroll costs fell.

9. Risk Report

As an internal IT service provider to the Allianz Group, ASIC has efficiently oriented risk management to the operating risks that arise when providing ASIC services to customer companies and reports regularly on the risk situation.

Organizational role of risk management

Risk Controlling (RCO) is bundled as a cross-functional task in the RCO department in the Chief Administration Officer business area. RCO leads the ASIC Risk Committee, which is composed of high-level representatives of the business areas on behalf of the senior general managers. At regular meetings, risks are identified, evaluated and managed and corresponding actions planned to reduce these risks. RCO provides a regular report on the current risk situation to the ASIC management, the shareholders and the Chairman of the Supervisory Board.

Risk categories and management

Operational risks include all risks of loss due to inefficiencies or errors in procedures and controls caused by technology, employees, organization or external factors. Such risks are reduced through technical and organizational security controls. This includes, for example, the high availability measures for computer centers Module 1 and Module 2 in the BGU, incl. backup procedures under disaster contingency management. Controlled, authorized access to the Allianz Group applications for Allianz customers and business partners is provided and secured through firewall-DMZ complexes. Unauthorized access through the Internet or other external networks is prevented. The confidentiality of the stored or transmitted data is ensured through access authorization and control systems and through encryption technologies.

To control SOX risks of customer companies, ASIC regularly carries out essential IT service provision procedures, such as change management, problem management and security management, and delivers supporting documentation to the SOX contacts in the customer companies.

ASIC also complies with Group policies on an ongoing basis, such as Group Information Security Framework, Business Continuity Policy, Risk Policy, SOX guidelines and others, and regularly reports to Compliance through appropriate controls and reports. As currently the case for German customers, these Compliance services regarding the standard operating procedures are also provided for the European companies. Mandate-specific services are provided in accordance with customer requirements.

In 2008, ASIC services will also actively assist risk management, and in particular the establishment and operation of the ”Shared Service Infrastructure“ for the expanded customer base in Europe, as well as covering operational risks for European customers.

10. Forecast

Macro-economic conditions

Under the assumption that the global economic outlook will weaken slightly in 2008, slower but solid growth is expected for Germany. While the continued high oil price and the most recent increases in food prices could dampen demand, a further improvement on the German labor market and rising wages and salaries provide positive impulses for private consumption.

Given that ASIC predominately relies on business with Allianz Group, it is only indirectly affected by the health of the overall IT market.

The German federal government forecasts economic growth of 2 per cent for 2008, and the German Council of Economic Experts, with its estimate of 1.9 per cent, is very close to that figure in its estimate. Economists at Allianz and Dresdner Bank forecast an increase in GDP of 1.8 per cent.

Legal and tax conditions

Owing to the Corporate Tax Reform Act 2008, corporate tax in Germany will change. Beginning January 1, 2008, the corporate tax rate will be reduced from 25 per cent to 15 per cent, and the basic trade tax rate will be reduced from 5 per cent to 3.5 per cent. In addition, the trade tax will no longer be deductible as an operating expense. Because of this, ASIC’s tax liability will be reduced from currently about 40 per cent to about 31 per cent of its taxable income in Germany in each subsequent year.

2008 Outlook

CREDO – Consolidation and Rationalization of the European Data Center Operations

In connection with European integration, additional mainframe migrations are planned in financial year 2008, including for Allianz Iberica, as well as a large number of server migrations for nine additional units. By the beginning of the year, the i-series host of Allianz Ireland will be operated in Unterföhring, and additional units will gradually follow. The Master Service Agreements to be signed from January 2008 underlie the business relationship with the European units for both ”Managed“ and ”Provided Services“.
Beginning in 2009, ASIC will assume the role of a pure profit center. Beginning in 2009, the IT infrastructure will also be migrated from eight Eastern European organizational units to ASIC, namely: Allianz Bulgaria, Croatia, Poland, Romania, Slovakia, Czech Republic, Hungary and Allianz Business Services in Slovakia.

GRP – Global Reporting Program

The Allianz Group initiated the Global Reporting Program (GRP) in 2002. The objective of this system is to standardize reporting within the entire Allianz Group. This applies to both internal and external reporting. In particular, from the perspective of the parent company, the following goals should be achieved:

- Improvement in data quality, transfer speed and efficiency in relation to reporting to the parent company
- More rapid reporting and decision-making within Allianz Group
- Increased efficiency while reducing costs

The implementation of these goals will largely be implemented through:

- Best practice sharing across all operational Allianz units
- Harmonization of procedures and systems.

The basis of GRP is the new general ledger (NewGL), based on the standard application mySAP ERP. This primarily affects local systems and their connection to the Group, as well as accounting and controlling and the procedures applying in these areas.

In preparing for the January 2008 project launch, the project organization and individual resource planning for the preparation period of the business blueprints were drawn up in 2007. The project was divided into six sub-projects: Accounting, Controlling, Design & Migration, Basis & Reporting, Testing & Training and Non-GRP module.

ESP - European Sourcing Project

With the SCOPE project, ASIC made a significant advance towards implementing its business strategy, including outsourcing of managed services (data, voice, workplace) while also improving the focus on provided services.
The European Sourcing Project (ESP) was started at the beginnning of July. The objective of ESP is to outsource the managed services of the European organizational units to a prime supplier who signs the agreement with ASIC and then manages the necessary suppliers itself. The target deadline for transfer of operations to a supplier is the beginning of 2009. In 2007, a Request for Information (RfI) and Request for Proposal (RfP) paved the way for a multi-stage selection process. The Request for Proposal was sent out in mid-February 2008. Starting in March, discussions will be held in which the suppliers present their solutions to ASIC in stages so that they can test them. These discussions may extend to multi-day preliminary negotiations in which suppliers will answer ASIC's questions about the offers. Beginning mid-May, due diligence reviews will be carried out by the suppliers and ASIC. Beginning in July 2008, the final negotiations with the suppliers will be held, with the transition set to begin in October 2008.

TOPEX – Top Quartile for Operational Excellence

In 2007, the Top Quartile for Operational Excellence ini-tiative began in relation to four themes: Workplace Provisioning, Server Provisioning, VPN Product and Release Management Database. Additional themes will be introduced in 2008. Relevant themes are identified in so-called TOPEX workshops, which are held in all areas of ASIC. Independently of this, all employees have the opportunity to participate actively in the initiative.

ECON – E-Mail consolidation

ASIC is preparing a centrally operated email system with 3 global hosting centers for all Allianz Group units worldwide. This globally reduces complexity and improves quality of service and the data quality of the employee records. This is especially significant for the growing internal group communication and is an important condition for the implementation of the global 3+One Initiatives.

Performance

The expansion of ASIC services to the European companies of the Allianz Group under the CREDO program boosts the potential of the business. The increase in ASIC customers in Western Europe in 2008 and in Eastern Europe by the end of 2009 may bring business opportunities in a broader market environment. Five-year agreements with foreign units are being established. By the year 2010, costs and sales will have been reduced to € 570.1 million. Total investment will be about € 60 million per year, with € 10 million of that for reorganization of foreign customers under the CREDO program. Any fall in German sales will be offset by the international reorganization.

The decision of the Allianz SE Board to further develop ASIC as a provider of integrated financial services to the Allianz Group in Europe offers ASIC opportunities to expand its customer base, centralize and standardize its integrated financial services and to raise quality and security standards in the coming years.

This makes the IT needs of the Allianz Group in Europe a significant planning uncertainty. However, Germany remains ASIC's largest sales market. This gives rise to a risk of significant dependence on Allianz Group and its operating results.
For billing of services to European customers, ASIC will be a profit center beginning in 2008. This includes the risk of bad debts or excessive costs, which, unlike with a full-cost company, cannot be passed on to customers. The introduction of the profit center principle for European customers is accompanied by additional standardization and market comparability of the ASIC product catalog, particularly the focus on shared services. In turn, this market compatibility increases the opportunities of ASIC to develop into a Top Quartile IT Services Provider. In this regard, the Group's high cost reduction objectives also apply to ASIC as a profit center. ASIC will also operate as a full-cost company for German customers in 2008.

11. Expression of thanks to employees

Management would like to thank all the employees for their high level of dedication and commitment in 2007.

Proposed appropriation of retained earnings

It is proposed to appropriate retained earnings of € 10,333,397.59 as follows:

- Distribution to Allianz Informatik Beteiligungsgesellschaft mbH, Munich, € 6,901,030.19 and to Dresdner Bank AG, Frankfurt am Main, € 3,400,867.40.

- Allocation of € 31,500.00 to other profit reserves.

Munich, January 29, 2008
Allianz Shared Infrastructure Services GmbH

Management Board

Annual Financial Statements Allianz Shared Infrastructure Services GmbH

Balance Sheet as of December 31, 2007

Assets

	2007 €	2007 €	2007 €	2006 €
A. Non-current assets				
I. Intangible assets				
Software		25 554 327		27 445 182
II. Tangible assets				
Technical plant and equipment		89 563 241		134 325 033
III. Investments				
1. Equity investments	1 500			1 500
2. Securities	14 622 798			11 158 114
		14 624 298		**11 159 614**
			129 741 866	**172 929 829**
B. Current assets				
I. Inventories		811 485		590 395
II. Accounts receivable and other assets				
1. Trade receivables	600 001			2 205 876
2. Receivables from affiliated enterprises	215 387 793			147 139 053
3. Other assets	19 401 097			10 999 192
		235 388 891		**160 344 121**
III. Cash with banks, cheques and cash on hand		3 861 798		2 863 721
			240 062 174	**163 798 237**
C. Deferred income			25 650 164	24 728 967
Total assets			**395 454 204**	**361 457 033**

Liabilities

	2007 €	2007 €	2006 €
A. Shareholders' equity			
I. Capital stock	41 500		41 500
II. Additional paid-in capital	205 820 895		205 820 895
III. Appropriated retained earnings	2 665 000		2 527 000
IV. Unappropriated retained earnings	10 333 397		3 702 509
		218 860 792	212 091 904
B. Provisions			
I. Pension provisions	11 411 108		9 697 119
II. Tax provisions	7 731 034		9 607 283
III. Other provisions	123 087 043		112 287 612
		142 229 185	131 592 014
C. Liabilities			
I. Liabilities to banks	–		6 229
of which with a residual term up to one year: € – (prior year: € 6 229)			
II. Trade payables	13 747 412		3 500 702
of which with a residual term up to one year: € 13 747 411 (prior year: € 3 500 702)			
III. Liabilities to affiliated enterprises	4 187 349		6 214 997
of which with a residual term up to one year: € 4 187 349 (prior year: € 6 214 997)			
IV. Other liabilities	16 429 466		8 051 187
		34 364 227	17 773 115
D. Deferred income		–	–
Total liabilities		395 454 204	361 457 033

Income Statement

for the period from 1 January to 31 December 2007

	2007 €	2007 €	2007 €	2006 €
1. Sales		690 183 980		654 631 715
2. Other operating income		39 150 742		28 684 144
			729 334 722	683 315 859
3. Expenses for IT operations				
a) Expenditure on raw materials, supplies and operating material	– 10 379 985			– 9 470 115
b) Expenditure on services received	– 356 803 817			– 360 419 889
c) Service provider services	– 60 814 822			–
		– 427 998 624		– 369 890 004
4. Personnel expenses				
a) Wages and salaries	– 108 572 147			– 132 221 363
b) Social security contributions	– 17 589 040			– 22 965 618
c) Pensions	– 9 890 308			– 13 227 948
		– 136 051 495		– 168 414 929
5. Depreciation				
a) on intangible assets	– 14 491 035			– 13 385 302
b) on tangible assets	– 60 882 783			– 75 521 416
		– 75 373 818		– 88 906 718
6. Other operating expenses		– 87 514 364		– 48 161 384
			– 726 938 301	– 675 373 035
7. Income from other securities			121 357	19 886
8. Other interest and similar income			5 456 647	3 082 982
of which from affiliated enterprises: € 5 314 253 (previous year: € 2 989 743)				
9. Interest and similar expenses			– 371 465	– 222 796
of which from affiliated enterprises: € – 351 379 (previous year: € – 212 229)				
10. Earnings from ordinary activities before taxation			7 602 960	10 822 896
11. Income taxes			2 732 600	– 7 114 503
12. Other taxes			– 2 163	– 5 884
13. Net income			10 333 397	3 702 509
14. Unappropriated retained earnings			10 333 397	3 702 509

Notes to Financial Statements

Legal Regulations

The financial statements and Management Report have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the Private Limited Companies Act (GmbHG).

All amounts in the financial statements are stated in whole euros (€).

Accounting policies

Intangible assets, tangible assets
These are recorded at acquisition cost less depreciation allowed under commercial law, using the straight-line method. Depreciation was applied on a monthly basis in the case of tangible assets and software. Low-value goods were written-off in full in the year of acquisition.

Investments in other enterprises
These are recorded at acquisition cost.

Investment Securities
Investment securities are stated in accordance with the applicable regulations for non-current assets based on amortized cost.

Inventories
Inventories are stated at the lower of acquisition cost and market value.

Accounts receivable and other assets, cash with banks, checks and cash on hand
These are valued at nominal value. Allianz Shared Infrastructure Services GmbH (ASIC) has offset certain accounts receivable with accounts payable in accordance with commercial law.

Prepaid expenses
Prepaid expenses are stated at face value.

Reserves
Reserves are based on anticipated expenditure; specifically, reserves for pension commitments, birthday gifts, early retirement, partial retirement benefits, and employee long-service awards have been calculated using actuarial principles, based on the updated Heubeck guidelines 2005 G.

ASIC has issued pension plans under the ”Defined Contribution Pension Agreement (BPV)“. In doing so, pension reserves for contribution-based pension claims were set aside. Pension contributions are guaranteed under a Contractual Trust Arrangement coordinated by Allianz SE. In addition, upon request, ”Pension Benefits through Deferred Compensation“ (PZE) are granted. These are guaranteed through secured reinsurance.

The total amount of ASIC's pension reserves is € 11,411,108 (prior year: € 9,697,119). Pension plans were also issued based on the joint and several liability of Allianz SE.

For partial retirement agreements commencing on or after July 1, 2004, the new insolvency insurance for partial retirement credits, as stipulated by law, was implemented by means of a Contractual Trust Arrangement (CTA), which is coordinated by Allianz SE, with the transfer of the guarantee assets to a trustee. Agreements commencing prior to July 1, 2004 are guaranteed by means of a declaration from Allianz SE.

The pension reserves for this are accounted for by Allianz SE and are fully accrued under the partial-value procedure in accordance with Section 6 a of the Income Tax Law (EStG). For birthday gifts, the scope of liabilities are also accounted for by Allianz SE and recorded under ”Other provisions“, and fully accrued under the partial-value procedure in accordance with Section 6 EStG at an actuarial interest rate of 5.5%.

Liabilities
Liabilities are carried at the amount payable.

Currency translation
Foreign currencies are converted into euros at the rate prevailing at the time of booking the transactions.

Development of non-current assets in the 2007 fiscal year

	Acquisition cost				
	As at 31.12.2006 Total €	Additions 2007 €	Transfers 2007 €	Disposals 2007 €	As at 31.12.2007 ASIC €
Software	171 300 390	13 079 925	3 145 361	7 778 334	179 747 342
Mainframe computers	78 242 128	7 114 683	5 160 780	8 225 044	82 292 548
Storage media	74 365 108	1 634 993	346 527	2 036 724	74 309 904
Printing and post-processing	23 384 263	3 001 797	470 715	1 343 401	25 513 374
Network components	136 909 841	4 043 530	– 23 564 872	100 654 624	16 733 875
Servers	122 264 092	23 595 382	29 768 775	4 300 389	171 327 859
Operating / business equipment	155 517 686	15 013 058	– 15 087 091	142 170 989	13 272 664
Low-value goods	1 833 393	4 255 121	– 240 195	2 232 678	3 615 641
Total of tangible assets	592 516 511	58 658 564	– 3 145 361	260 963 850	387 065 864
Investments					
1. Financial assets	1 500	–	–	–	1 500
2. Securities	11 158 114	3 464 683	–	–	14 622 798
Total of investments	11 159 614	3 464 683	–	–	14 624 298
Total of ASIC	774 976 515	75 203 172	–	268 742 184	581 437 503

Intangible assets (Assets A.I.)

This item covers purchased software licenses.

Tangible assets (Assets A.II.)

Tangible assets comprise mainframe hardware, network components, PCs and peripherals, servers, storage media, telecommunications equipment, print and post-processing facilities as well as operating and business equipment. Pursuant to the outtasking agreement effective June 30, 2007, tangible assets in the classes PCs and peripherals, telecommunications equipment and network components were transferred to the provider Fujitsu Services GmbH.

Investments (Assets A.III.)

Equity investments as at the balance sheet date only relate to shares held in DENIC Domain Verwaltungs- und Betriebsgesellschaft eG, Frankfurt am Main. The securities held consist of investment units, which are used for the purpose of insuring against insolvency for partial retirement credits and retirement entitlements within the scope of the Contractual Trust Arrangement. These investments are assets received as at the balance sheet date with the same value as the liability under the partial retirement agreements insured against insolvency from July 1, 2004 and arising from the earned pension contributions resulting from the Defined Contribution Pension Agreement (BPV).

Inventories (Assets B.I.)

The inventories of raw materials, supplies and operating materials comprise stocks of data-processing forms and printing paper.

Depreciation					Carrying value	
As at 31.12.2006 Total €	Additions 2007 €	Transfers 2007 €	Disposals 2007 €	As at 31.12.2007 ASIC €	As at 31.12.2006 Total €	As at 31.12.2007 ASIC €
143 855 208	14 491 035	1 903 695	6 056 924	154 193 015	27 445 182	25 554 327
52 073 885	9 511 026	5 160 780	7 809 273	58 936 419	26 168 243	23 356 129
48 101 728	9 323 660	346 527	1 999 878	55 772 037	26 263 380	18 537 867
14 218 133	2 603 301	470 715	1 340 748	15 951 401	9 166 130	9 561 973
124 902 634	4 467 191	– 23 157 725	93 177 629	13 034 471	12 007 207	3 699 403
91 525 742	21 923 926	29 774 721	4 012 941	139 211 447	30 738 350	32 116 410
125 535 963	8 723 543	– 14 181 486	109 096 815	10 981 205	29 981 723	2 291 459
1 833 393	4 330 136	– 315 210	2 232 678	3 615 641	–	–
458 191 478	60 882 783	– 1 901 678	219 669 963	297 502 621	134 325 033	89 563 241
–	–	–	–	–	1 500	1 500
–	–	–	–	–	11 158 114	14 622 798
–	–	–	–	–	11 159 614	14 624 298
602 046 686	75 373 818	2 017	225 726 886	451 695 635	172 929 829	129 741 866

Accounts receivable and other assets

(Assets B.II.)

Receivables from affiliated enterprises principally represents receivables of € 187 447 313 from the cash-pool in respect of Allianz SE. There are also receivables in respect of Allianz Deutschland AG of € 17 982 153 and Dresdner Bank AG of € 7 123 802 as well as other Group companies resulting from unpaid invoices for services. Additional full-cost invoicing from December 2007 recorded as a liability in accordance with the German Commercial Code (Handelsgestzbuch) based on the offset of the economic disadvantages resulting from the outtasking agreement through 2011 is accounted for under accounts receivables.

Trade receivables relate to unpaid claims against third parties for services provided and contractual agreements.

Other assets include the asset value of the insurance cover resulting from the pension benefits through deferred compensation (PZE) and from defined contribution pensions (€ 6 385 650), as well as tax refund claims of € 6 709 893. In addition, the item records options on Allianz SE stock, which are used to hedge risks incurred by the Allianz Group under the Group Equity Incentives.

Prepaid expenses (Assets C.)

Prepaid expenses comprise prepaid amounts for maintenance and servicing of hardware and software and for rent.

Derivative financial instruments (Assets B.II.)

Share option transactions

Class	Number	Fair value €	Valuation method	Significant assumptions	Reported in item	Book value €
Allianz Long Call	38 427	1 269 095	Binomial-Modell	Interest rate 4,30% – 4,59%	Assets B.II.	1 060 701
65,91 € – 322,14 €				Volatility 16,30% – 30,04%	Accounts	
March 2008 – March 2014				Dividend yield	receivable	
(Hedge-SAR				3,86% – 4,59%	and other	
2001 – 2007)				Share price € 142,00	assets	
				Cap € 164,78 – € 805,35		
Allianz Equity Swap	23 444	2 992 040	DCF-Modell	Interest rate 4,43% – 4,54%	*)	0
March 2008 – May 2012				Dividend yield		
(Hedge-RSU				3,71% – 4,03%		
2003 – 2007)				Share price € 142,00		

*) The Allianz Equity Swap does not have any separate acquisition cost and is shown as a valuation unit.

Capital stock (Shareholders' equity and liabilities A.I.)
The capital stock comprises the shareholders' fully paid-in capital. The Company is held by Allianz Informatik Beteiligungsgesellschaft mbH, Munich, with 66.99 per cent and Dresdner Bank AG, Frankfurt am Main, with 33.01 per cent.

Pension reserves (Shareholders' equity and liabilities B.I.)
Pension reserves consist of liabilities arising from earned pension contributions on the Defined Contribution Pension Agreement (BPV) of € 6 631 965 and from pension benefits through deferred compensation (PZE) of € 4 779 143.

Other reserves (Shareholders' equity and liabilities B.II.)
Material provisions were posted to other reserves for restructuring that were recorded as a liability in accordance with HGB based on the offset of the economic disadvantages arising through 2011 through the outsourcing agreement that was entered into (€ 42 286 199), for outstanding trade payables (€ 35 468 099), for obligations arising from partial retirement agreements (€ 16 719 544), as well as for staff holiday and flexitime credits, employee long-service awards, for profit-sharing and bonuses, archiving costs, contributions to professional associations, Group Equity Incentives, obligations arising from early retirement, expenses for financial statements as well as the equalization levy for the severely handicapped.

Liabilities (Shareholders' equity and liabilities C.)
Payables to affiliated enterprises relate primarily to amounts owing to Allianz SE resulting from the Contractual Trust Agreement (CTA).

Appropriated earnings (Shareholders' equity and liabilities A.III.)

	€
other appropriated earnings	
As at 31 December 2006	2 527 000
+ Allocation by the General Meeting to other appropriated earnings	138 000
As at 31 December 2007	**2 665 000**

Sales (Income Statement 1.)
Sales are attributable to Application / Infrastructure & Data Services (54.7 per cent), Workplace (27.3 per cent), Output Services (16.6 per cent), Project & Consulting (3.7 per cent) and Other sales (3.3 per cent). Sales from full-cost settlement are principally recorded in this item.

Other operating income (Income Statement 2.)
Other operating income essentially results from the write-back of reserves through relatively low usage, refund of input tax for 2007 and from gains on the sale of equipment.

Expenses for IT operations (Income Statement 3.)
Expenditure on raw materials, supplies and operating material represents expenses for disposable items and consumables, IT information carriers and energy.

Expenditure on services received chiefly comprises maintenance and repair services, rent, postage charges, fees for external services, Group-internal netting of services, data lines and telephony as well as external personnel costs.

Services rendered are offset through the outtasking agreement over base charge invoices (€ 60 814 822). These are recorded in the item Service provider services.

Personnel expenses (Income Statement 4.)
Personnel expenses includes wages and salaries, social security contributions and pensions for ASIC employees in the financial year. The reduction is based on the personnel transfer to Fujitsu Services GmbH as at July 1, 2007.

Depreciation (Income Statement 5.)
Depreciation is recorded as scheduled depreciation applied on the basis of monthly depreciation as permitted under commercial law.

Other operating expenses (Income Statement 6.)
Other operating expenses comprise expenditure for the use of cross-departmental functions that are invoiced by Group companies, travel and further education expenses, insurance premiums and losses on the disposal of equipment. The losses recorded on the sale of equipment result from the asset transfer at market price as at June 30, 2007.

Income from securities (Income Statement 7.)
The income obtained from distribution of CTA profits is reported under this item.

Other interest and similar income (Income Statement 8.)
Other interest income results almost exclusively from the cash-pool deposit with Allianz SE.

Interest and similar expenses (Income Statement 9.)
The reported interest expense comprises primarily the accounting interest resulting from the Defined Contribution Pension Agreement (BPV).

Contingent liabilities and other financial commitments

The Company is potentially liable for pension commitments taken out by Allianz SE. These pension commitments are carried on the financial statements of Allianz SE because that company has assumed responsibility internally for settling them. The total amount of the liabilities was € 51 433 619 as of December 31, 2007.
As a sponsor of Allianz Versorgungskasse VVaG, the Company is obliged to make employer contributions and to bear the administration costs of the pension fund. With regard to the occupational pension scheme, there are also obligations towards the beneficiaries due to statutory requirements and contractual arrangements. The amounts of these liabilities cannot be quantified in detail. The financial obligations resulting chiefly from maintenance and data transmission contracts spanning several years amount to € 23,677,538.

Remuneration for the Board of Directors and the Supervisory Board

The remuneration for the Board of Directors in the year under review was € 2 438 998, which includes equity-based remuneration from 6 213 Stock Appreciation Rights (SAR) and 3 127 Restricted Stock Units (RSU) granted in the financial year, totaling € 663 137 when issued.
Reserves of € 3,286,986 were made at Allianz SE for current pensions and entitlement to pensions for former members of the Board of Directors and their beneficiaries.
Expenses for the Supervisory Board were € 15 338 for the financial year.
The names of the Supervisory Board and Board of Directors members are listed on pages 4 and 6.

Average number of employees in the year

(excluding members of the Board of Directors, trainees, interns and employees on parental leave or military service / alternative civilian service)

Full-time employees	1.358
Part-time employees	372
Total	1.730

Group affiliation

Allianz Shared Infrastructure Services GmbH is part of the Allianz Group for which the ultimate parent company is Allianz SE, Munich. The consolidated financial statements and Group Management Report are published in March 2008 in the Group Annual Report and, following the General Meeting in May, they are deposited with the Commercial Register in Munich. The documents may be inspected there or requested from the Company. They are also available on the Allianz SE website. Allianz Shared Infrastructure Services GmbH is included in the consolidated financial statements and Group Management Report of Allianz SE. The companies belonging to the Allianz Group and their affiliated companies are listed in the Annual Report of Allianz SE.

Munich, January 29, 2008
Allianz Shared Infrastructure Services GmbH

Board of Directors

Dr. Markus Müller   Dr. Kurt Servatius

We have audited the Annual Financial Statements, comprising the balance sheet, income statement and notes to financial statements, including the accounting records and Management Report of Allianz Shared Infrastructure Services GmbH, Munich, for the financial year from January 1 to December 31, 2007. The Board of Directors of the Company is responsible for the accounting policies and the preparation of the Annual Financial Statements and Management Report in accordance with German commercial law. It is our responsibility to form an independent opinion, based on our audit, on the Annual Financial Statements, including the accounting records, and on the Management Report.

We conducted our audit of the Annual Financial Statements in accordance with Section 317 HGB (German Commercial Code) and with generally accepted German auditing standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW, Institute of Independent Auditors). Those standards require that we plan and conduct our audit such that misstatements and irregularities materially affecting the presentation of the net assets, financial position and results of operations presented in the Annual Financial Statements in accordance with generally accepted accounting principles and in the Management Report are identified with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations of possible errors are taken into account in our planning of audit procedures.

The audit includes an examination, on a test basis, of the effectiveness of the internal control system for rendering accounts and the evidence supporting the disclosures in the accounting records, the Annual Financial Statements and Management Report. The audit also includes an assessment of the accounting principles applied and significant estimates made by the Board of Directors of the Company, as well as evaluating the overall presentation of the Annual Financial Statements and Management Report. In our opinion, our audit provides a sufficiently sound basis for our opinion.

We are satisfied that our audit has revealed no grounds for qualification.

In our opinion, based on the findings of our audit, the Financial Statements comply with legal requirements and give a true and fair view, in accordance with generally accepted accounting principles, of the Company's net assets, financial position and results of operations. The Management Report is consistent with the Financial Statements, and as a whole provides an accurate view of the Company's position and adequately presents the opportunities and risks of future development.

Munich, February 14, 2008
KPMG Deutsche Treuhand-Gesellschaft AG
Auditors

Dr. Peter Ott	Dr. Alexander Dotterweich
Auditor	Auditor

List of Abbreviations

ABS	Allianz Business System
ADAG	Allianz Deutschland AG
AG	Public Limited Company *(Aktiengesellschaft)*
AGIS	AGIS Allianz Dresdner Informationssysteme GmbH
AGCS	Allianz Global Corporate & Specialty
ASIC	Allianz Shared Infrastructure Services GmbH
ASS	ASIC Security Specifications
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
BGU	Operational Building in Unterföhring
CREDO	Consolidation and Rationalization of the European Data Center Operations
CCC	Customer Care Center
CFI	Customer Focus Initiative
CTI	Computer Telephony Integration
DMZ	Demilitarized Zone
ECON	E-Mail consolidation
ERP	Enterprise Resource Planning
ESP	European Sourcing Project
EUR	Euro
EUWIN	European Wide IP Network
GISF	Group Information Security Framework
GmbH	Private limited company *(Gesellschaft mit beschränkter Haftung)*
GRP	Global Reporting Program
GWG	Low-value goods *(Geringwertige Wirtschaftsgüter)*
IP	Internet Protocol
IT	Information Technology
ITIL	Information Technology Infrastructure Library
LSM	Local Service Management
LAN	Local Area Network
m	million
MIPS	Million Instructions per Second
MPLS	Multiprotocol Label Switching
PC	Personal Computer
PPC	Product & Process Center
RCO	Risk Controlling
SAN	Storage Area Network
SCOPE	Strategic Outtasking Partner Evaluation
SOX	Sarbanes-Oxley Act
SYN	Synergy
TB	Terabyte
TC	Telecommunications
TOPEX	Top Quartile for Operational Excellence
VPN	Virtual Private Network
WEP	Workplace Efficiency Program
UK	United Kingdom

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