

Remuneration Report

This Remuneration Report outlines the strategic principles, structure and level of remuneration for top executives of Allianz SE, which covers the Board of Management and senior executives. It describes the remuneration arrangements in effect until December 31, 2009 and gives a summary of the changes introduced for the Board of Management and senior executives from January 1, 2010.

The report also sets out the remuneration system and payments for the Supervisory Board.

All information provided is part of the Group Management Report. It was prepared in accordance with the requirements of the German Commercial Code (HGB) and International Financial Reporting Standards (IFRS). It also takes account of the recommendations of the German Corporate Governance Code.

Executive remuneration principles

The remuneration of the Board of Management and senior executives is designed to be competitive for Allianz' scope of business activities, operating environment, and performance relative to peers. The remuneration program's overall goal is to support and encourage sustained value-oriented management.

Strategic principles:

- The total remuneration is designed to be appropriate to attract and retain highly qualified executives. Its composition and the proportions of fixed versus performance-based remunerations vary with different levels of responsibility. Generally, as an executive's influence on the results of the Group/business division/operating entity increases, the proportion of remuneration "at risk" rises, as well as that linked to longer-term performance.
- Incentive remuneration is structured to operate effectively in different performance scenarios and business circumstances. The mix and weight of incentives aims to optimally balance risk and opportunity as well as the time horizon of potential payouts.

- Performance-based remuneration is awarded for achieving the Allianz Group's financial and strategic goals consistent with shareholder interests. The goals measure quantitative and qualitative business results as well as behaviors such as the role modeling of the Allianz Leadership Values and compliance with the Code of Conduct.

Board of Management Remuneration

The remuneration of the Board of Management is set by the Supervisory Board. Its structure is regularly reviewed and discussed. The last review was carried out in December 2009 and resulted in certain adjustments, effective from January 1, 2010, as described later in this report.

Remuneration structure

The remuneration for individual Board Members is dependent upon their designated role, accountability and performance. It comprises the following elements:

Fixed salary

Base salary is a fixed amount, paid in twelve monthly instalments. Salaries were last reviewed in December 2009.

Performance-based remuneration

The three-tier incentive system aims for an appropriate balance between short-term financial performance, longer-term success and sustained shareholder value creation. The target performance expectation and key performance indicators take risk into account by reference to EVA^{®1)}. This significantly reduces the likelihood of rewarding profit without appropriately considering the underlying business risk.

The Supervisory Board reviews the goals regularly to ensure they remain appropriate in the context of the strategic priorities of the Group.

Three-tier incentive system valid until December 31, 2009

Annual bonus (short-term)	Three-year bonus (mid-term)	Equity-related remuneration (long-term)
Goal category	Goal category	Goal category
Allianz Group financial goals	EVA ^{®1)} objectives over three-year performance period	Sustained increase in share price
Business division financial goals	Allianz Group financial goals and strategic objectives	
Individual objectives	Business division financial goals and strategic objectives Individual strategic objectives	

Annual bonus (short-term)

The annual bonus is a variable component payable upon the achievement of challenging annual goals. The above table shows typical goal categories. Goals are set at the beginning of the year, with performance measured and assessed after completion of the one-year performance period. The bonus payout amount depends on the extent to which targets and objectives have been met. The Supervisory Board sets the target bonus for members of the Board of Management. For 2009, it amounts to 150% of base salary. The maximum bonus achievable is capped at 165% of the target annual bonus.

Three-year bonus (mid-term)

The mid-term bonus plan aims to make a sustained increase in the value of the company a priority concern of executive management across the Group. Bonus payouts under the plan depend on the attainment of financial and strategic goals over the defined three-year performance period. Performance is assessed and, if appropriate, a mid-term bonus paid after the completion of the three-year performance period. Certain exceptions apply, for example in the event of retirement. The Supervisory Board sets the target mid-term bonus for members of the Board of Management. For the 2007 to 2009 plan, it amounts to approximately 128% of the 2007 base salary over the three-year performance period. The maximum bonus achievable is capped at 140% of the target mid-term bonus.

¹⁾ EVA[®] (Economic Value Added) – whether positive or negative – is the difference between profit and the cost of capital (see page 61 for further details).

Equity-related remuneration (long-term)

The Allianz Group Equity Incentive (GEI) program consists of virtual stock options, known as Stock Appreciation Rights (SAR) and virtual stock awards, known as Restricted Stock Units (RSU).

The Supervisory Board decides annually on the offer of any long-term incentives and the appropriate allocation to each member of the Board of Management. The number of SAR and RSU awarded is based on each Board Member's designated role, the performance of the Group and, where applicable, that of their respective business division. The calculation basis for the annual GEI grant cannot exceed the sum of base salary and annual target bonus.

In anticipation of the new German law on the appropriateness of Board remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG), which stipulates a four-year vesting period for stock options from January 2010, the vesting for the 2009 SAR was extended from two to four years.

To align the interests of management with those of shareholders the Supervisory Board has established two performance conditions for the exercise of the SAR. Subject to the performance conditions (please refer to footnote below the GEI grant table on page 21) the SAR may be exercised during the three years following their vesting. In recognition of the SAR leverage profile, the potential payout at exercise is capped at 150% of the grant price.

The RSU have a five-year vesting period, at the end of which they are automatically released.

Pensions and similar benefits

Until 2004, pension arrangements for members of the Board of Management yielded fixed amounts. This means retirement benefits were not linked to increases in salary or variable pay. Allianz SE introduced a contribution-based system effective January 1, 2005, with the accrued pension rights under the old plan frozen at that time. The minimum guaranteed interest rate on contributions amounts to 2.75% per annum. Should the net annual return from the invested contribution exceed 2.75%, the full increase in value is credited to the members in the same year.

The Supervisory Board reviews the level of contributions annually. In recognition of market norms the Supervisory Board decided on an adjustment of the rate of pension contributions to recognize long tenure on the Board with effect from January 1, 2009. Therefore, the regular pension contribution increases from currently 30% to 37.5% of fixed salary after five years and to 45% after ten years of service on the Board of Management of Allianz SE.

Contributions are guaranteed only as required for the further regular financing of the accrued pension rights from defined benefit promises per December 31, 2004. In case of an insured event, the accumulated capital is converted to an equivalent annuity payable until death of the plan participant or, where applicable, to dependents. The increase in reserves for pensions (i.e. current service cost) includes the required expenditures for the further financing of accrued pension rights as well as the contributions for the new plan.

A pension can earliest be received from age 60, except for cases of occupational or general disability for medical reasons, when a pension may become payable earlier-on, or death, when a pension may be paid to dependents. If a mandate ends before retirement age for other reasons, a pension promise is maintained when vesting requirements are met.

Miscellaneous

Members of the Board of Management also receive certain perquisites. These mainly consist of contributions to accident and liability insurances and the provision of a company car. Each member of the Board of Management is responsible for income tax on these perquisites. Where applicable, a travel allowance for non-resident Board Members is provided. For 2009 the total value of the perquisites amounted to € 0.6 million (2008: € 0.7 million).

If a member of the Board of Management holds a mandate in another company within the Allianz Group, the full compensation amount is transferred to Allianz SE. If the mandate is from a company outside the Allianz Group, 50% of the compensation received is paid to Allianz SE. A Board Member retains the full compensation only if the Supervisory Board qualifies the mandate as a personal one. Compensation paid by companies outside the Allianz Group is shown in the Annual Reports of the companies concerned. For a list of Supervisory Board mandates in companies outside the Allianz Group please refer to page 348.

2009 Remuneration

The following table sets out the fixed and performance based remuneration for the Board of Management of Allianz SE for 2009.

Board of Management		Non-performance based		Performance-based				Total
		Fixed salary	Perquisites ¹⁾	Annual bonus (short-term) ²⁾	Three-year bonus (mid-term) ³⁾	Fair value of SAR award at date of grant (long-term) ⁴⁾	Fair value of RSU award at date of grant (long-term) ⁴⁾	
		€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	
Michael Diekmann (Chairman)	2009	1,200	28	2,081	257	505	750	4,821
	2008	1,200	26	1,112	311	430	720	3,799
Dr. Paul Achleitner	2009	800	49	1,387	165	335	498	3,234
	2008	800	44	704	205	287	480	2,520
Oliver Bäte	2009	700	56	1,175	241	297	440	2,909
	2008	700	48	701	209	251	420	2,329
Clement B. Booth	2009	700	110	1,148	264	386	567	3,175
	2008	700	93	624	205	251	420	2,293
Enrico Cucchiani	2009	700	99	1,090	105	361	457	2,812
	2008	700	88	707	263	260	435	2,453
Dr. Joachim Faber	2009	700	23	1,244	215	434	612	3,228
	2008	700	19	526	211	261	437	2,154
Dr. Christof Mascher ⁵⁾	2009	216	12	324	62	145	245	1,004
	2008	—	—	—	—	—	—	—
Dr. Helmut Perlet ⁶⁾	2009	467	40	786	104	74	63	1,534
	2008	700	206	653	214	251	420	2,444
Dr. Gerhard Rupprecht	2009	700	78	1,021	107	383	481	2,770
	2008	700	24	713	246	238	399	2,320
Jean-Philippe Thierry	2009	700	58	987	58	99	84	1,986
	2008	700	68	620	209	237	397	2,231
Dr. Herbert Walter ⁷⁾	2009	37	1	0	0	0	0	38
	2008	700	48	0	0	116	195	1,059
Dr. Werner Zedelius	2009	700	16	1,115	75	647	801	3,354
	2008	700	9	825	300	314	525	2,673
Total	2009	7,620	570	12,358	1,653	3,666	4,998	30,865
	2008	8,300	673	7,185	2,373	2,896	4,848	26,275
Change from previous year %		(8.19)%	(15.30)%	72.00%	(30.34)%	26.59%	3.09%	17.47%

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

²⁾ Actual bonus paid in 2010 for fiscal year 2009.

³⁾ Three-year bonus tranche accrued for 2009 for each member.

⁴⁾ The new remuneration structure and the target variable remuneration effective January 1, 2010 (see page 23) were confirmed to Board members via their new contracts dated and signed on December 9, 2009. Therefore, the SAR and RSU 2010 are deemed to have been granted to participants as part of their 2009 remuneration. Consequently, the remuneration table includes the SAR and RSU granted on March 12, 2009 as well as a best estimation of the SAR and RSU grants delivered in March 2010.

⁵⁾ Dr. Christof Mascher joined the Board of Management of Allianz SE on September 10, 2009. For the period from September 10 to December 31, 2009 he received a pro-rata fixed salary amounting to € 216,000, a pro-rata annual bonus and a pro-rata three-year bonus.

⁶⁾ Dr. Helmut Perlet retired from the Board of Management of Allianz SE on August 31, 2009. Therefore, amounts given here are pro-rata. As required by the terms of his service contract, Dr. Perlet received a transition payment for a period of six months after termination of service calculated on the basis of his fixed salary and a proportion of the annual target bonus. The monthly transition payment was reduced by pension payments made during this period. His pro-rata annual bonus for 2009 awarded as part of his transition payment amounts to € 525,000 and will be paid in March 2010.

⁷⁾ Dr. Herbert Walter resigned from the Board of Management of Allianz SE on January 12, 2009, upon the change of control at Dresdner Bank AG (i.e. sale to Commerzbank AG). Further, Dr. Walter resigned from the Board of Management of Dresdner Bank AG on January 19, 2009. He was paid a pro-rata fixed salary of € 36,945 for January 2009 and a pro-rata three-year bonus for 2007 to 2009. In line with the terms of his service contract with Dresdner Bank, Dr. Walter further received a transition payment for a period of six months after termination of his service (please refer to section "Termination of service") totaling € 1,025,000. Dr. Walter waived his rights to a termination payment of € 3,595,100 agreed in the separation agreement of December 23, 2008 as well as his 2008 annual bonus and the 2008 tranche of his three-year bonus.

The individualized remuneration table shows the 2009 annual tranche of the three-year bonus 2007 to 2009 per member of the Board of Management to provide the disclosed individual remuneration information in a way comparable to prior years. However, regulation requires to also disclose the final cash payout. As a consequence, this remuneration component is disclosed twice over the relevant period: once by showing the bonus tranche for the year 2009 (see previous remuneration table) and once by showing the total payout for the performance period 2007 to 2009. Following the final assessment of performance for the three-year bonus plan, a total payout of € 7,277 thousand was approved by the Supervisory Board.

Three-year bonus payouts per member of the Board of Management as well as their corresponding adjusted total

remuneration amounts (in parentheses) for the year 2009 are as follows:

Michael Diekmann € 1,040 (5,604) thousand,
 Dr. Paul Achleitner € 680 (3,749) thousand,
 Oliver Bäte € 450 (3,118) thousand,
 Clement B. Booth € 787 (3,698) thousand,
 Enrico Cucchiani € 714 (3,421) thousand,
 Dr. Joachim Faber € 738 (3,751) thousand,
 Dr. Christof Mascher € 62 (1,004) thousand,
 Dr. Helmut Perlet € 629 (2,059) thousand,
 Dr. Gerhard Rupprecht € 675 (3,338) thousand,
 Jean-Philippe Thierry € 579 (2,507) thousand,
 Dr. Herbert Walter € 200 (238) thousand,
 Dr. Werner Zedelius € 723 (4,002) thousand.

The total remuneration of the Board of Management of Allianz SE for 2009 including the three-year bonus 2007 to 2009 payout amounts to € 36 million (2008: € 24 million excluding the interim assessment value for the three-year bonus tranche).

Grants and outstanding holdings under the GEI program

Board of Management	Number of SAR granted on 3/12/2009	Number of SAR granted on 3/11/2010 ¹⁾	Number of SAR held at 12/31/2009	Strike price range €	Number of RSU granted on 3/12/2009	Number of RSU granted on 3/11/2010 ¹⁾	Number of RSU held at 12/31/2009
Michael Diekmann (Chairman)	6,139	22,806	108,252	51.95 – 160.13	3,015	11,321	42,345
Dr. Paul Achleitner	3,993	15,204	78,699	51.95 – 160.13	1,961	7,547	29,785
Oliver Bäte	3,720	13,303	14,179	51.95 – 117.38	1,827	6,604	6,903
Clement B. Booth	5,010	17,004	34,892	51.95 – 160.13	2,460	8,441	17,364
Enrico Cucchiani	8,966	10,654	74,609	51.95 – 160.13	4,403	5,289	29,452
Dr. Joachim Faber	7,243	17,212	73,341	51.95 – 160.13	3,557	8,544	28,992
Dr. Christof Mascher	—	8,695	28,282	51.95 – 160.13	—	4,317	12,306
Dr. Helmut Perlet	3,592	—	70,010	51.95 – 160.13	1,764	—	26,907
Dr. Gerhard Rupprecht	9,755	11,024	74,255	51.95 – 160.13	4,791	5,472	29,435
Jean-Philippe Thierry	4,819	—	72,454	51.95 – 160.13	2,367	—	16,963
Dr. Herbert Walter	—	—	69,325	83.47 – 160.13	—	—	—
Dr. Werner Zedelius	17,108	17,795	79,539	51.95 – 160.13	8,402	8,833	33,497

The GEI is accounted for as a cash-settled plan. Any changes in fair value of the grants are accrued as compensation expense over the relevant vesting period. Upon vesting, any changes in the fair value of the unexercised SAR are recognized as compensation expense. The GEI compensation expense in 2009 amounted to € 10,026 thou, for Mr. Diekmann € 1,302 thou, for Dr. Achleitner € 913 thou, for Mr. Bäte € 294 thou, for Mr. Booth € 560 thou, for Mr. Cucchiani € 864 thou, for Dr. Faber € 903 thou, for Dr. Mascher € 389 thou, for Dr. Perlet € 711 thou, for Dr. Rupprecht € 863 thou, for Mr. Thierry € 335 thou, for Dr. Walter € 1,873 thou and for Dr. Zedelius € 1,018 thou.

SAR are released to plan participants upon expiry of the vesting period, assuming all other exercise hurdles are taken. For SAR granted until and including 2008, the vesting period was two years. For SAR granted from 2009, the company has extended vesting to four years. SAR can be exercised on the condition that the price of the Allianz SE stock is at least 20% above their strike price at time of grant. Also, the price of the Allianz SE stock must have exceeded the Dow Jones EURO STOXX Price Index (600) over a period of five consecutive trading days at least once during the plan period.

RSU are released to plan participants on the first trading day after the end of the five-year vesting period.

¹⁾ The new remuneration structure and the target variable remuneration effective January 1, 2010 (see page 23) were confirmed to Board members via their new contracts dated and signed on December 9, 2009. Therefore, the SAR and RSU 2010 are deemed to have been granted to participants as part of their 2009 remuneration. Consequently, the remuneration table includes the SAR and RSU granted on March 12, 2009 as well as a best estimation of the SAR and RSU grants delivered in March 2010.

Allianz Group paid € 4 million (2008: € 4 million) to increase reserves for pensions and similar benefits for active members of the Board of Management. On December 31, 2009, reserves for pensions and similar benefits for members of the Board of Management active at that date, amounted to € 28 million (2008: € 29 million).

The following table sets out the 2009 service cost and contributions arising in relation to the current pension plans for each member of the Board of Management of Allianz SE. For enhanced transparency, we have separated the current service cost for the defined benefit plan (redeemed as of December 31, 2004) from the current pension plan.

Board of Management	Defined benefit pension plan (frozen)	Current pension plans	Total
	2009 € thou	2009 € thou	2009 € thou
Michael Diekmann (Chairman)	157	571	728
Dr. Paul Achleitner	233	292	525
Oliver Bäte	—	294	294
Clement B. Booth	—	260	260
Enrico Cucchiani	—	286	286
Dr. Joachim Faber	133	288	421
Dr. Christof Mascher	—	247	247
Dr. Helmut Perlet ¹⁾	0	211	211
Dr. Gerhard Rupprecht ¹⁾	0	356	356
Jean-Philippe Thierry	—	18	18
Dr. Herbert Walter	—	—	—
Dr. Werner Zedelius	81	277	358

The total remuneration of the Board of Management of Allianz SE for 2009 including pension service costs amounts to € 40 million.

In 2009, remuneration and other benefits totaling € 4 million (2008: € 7 million) were paid to retired members of the Board of Management and dependents. Additionally, reserves for current pensions and accrued pension rights totaled € 52 million (2008: € 47 million).

Termination of service

Board Members leaving the Allianz SE Board after serving a term of at least five years are entitled to a six-month transition payment. The payment is calculated based on the fixed salary and a proportion of the annual target bonus. An Allianz pension, where immediately payable, is taken into account.

If service is terminated as a result of a so-called “change of control”, the following special terms apply:

Definition of a change of control requires that a shareholder of Allianz SE acting alone or together with other shareholders holds more than 50% of voting rights in Allianz SE. If the appointment of a member of the Board of Management is unilaterally revoked by the Supervisory Board as a result of such a change of control within a period of twelve months after the event, all contracted benefits for the duration of the employment contract are payable in the form of a lump sum. The same applies if the Board member terminates service by resignation due to a substantial decrease in managerial responsibilities and without giving cause for termination. The amount payable is based on the fixed salary at the time of the change of control, the annual and current three-year bonus, in each case discounted according to market conditions at the time of payment. A target achievement of 100% is the basis for the annual and three-year bonus. If the remaining duration of the service contract is less than three years at the time of change of control,

¹⁾ No current service cost for the defined benefit pension plan of Dr. Perlet and Dr. Rupprecht, as above age 60.

the lump-sum payment in respect of fixed salary and annual bonus is increased to correspond to a term of three years. If the member reaches the age of 60 before the three years have elapsed, the lump-sum payment decreases correspondingly. For the equity-based remuneration the member is treated as having retired. These regulations are also effective if the Board of Management mandate is not extended within two years after the change of control.

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

Allianz SE complies with the provisions of rule 4.2.3 sections 4 and 5 of the German Corporate Governance Code setting out suggestions on severance payment caps in case of premature termination of Board of Management contracts without serious cause. Thus, our service contracts provide that payments for early termination shall neither exceed the value of two times annual compensation, nor the payments due for the remaining term of the contract. For this purpose, the annual compensation is defined as the remuneration paid in the previous year with any mid-term bonus being calculated on a pro-rata basis (severance payment cap). In case of early termination due to a change of control, payments shall not exceed 150% of the severance payment cap.

New Remuneration System for the Board of Management effective January 1, 2010

The remuneration system for the members of the Board of Management was reviewed by the Supervisory Board last year on the basis of the new regulations on board remuneration in force since August 2009. The structure of the performance-related remuneration was adjusted taking into particular account the aspect of sustainability. In addition, certain changes to the target structure for the performance-based remuneration were decided. With the approval of all members of the Board of Management, these adjustments were implemented through amendment of service contracts with effect from January 1, 2010. This ensures the uniformity of the remuneration structure.

The total remuneration consists of fixed and performance-related remuneration, with the ratio of the annual fixed to target variable remuneration remaining at 25:75. The key components of the performance-related remuneration are retained; its composition, however, has been amended compared to the previous year in the interest of a stronger

alignment with the long-term success of the company. Under the new system, the variable target remuneration consists of the following components in equal parts: a performance-related cash payment after one year (annual bonus), a performance-related cash payment after three years (three-year bonus) and an equity-related award (payout after five years). This strengthens the remuneration element that is based on a multiple-year performance assessment (three-year bonus) at the expense of the annual bonus. The level of the fixed remuneration and the total performance-related target remuneration remain unchanged compared to the previous year.

Structure and level of annual target remuneration

	Percentage (to date)	Percentage (new)	Ordinary Member of the Board of Man- agement ¹⁾	Chair- person
	%	%	€ thou	€ thou
Fixed remuneration	25	25	700	1,200
Performance-related target remuneration				
Annual bonus (short-term)	37	25	700	1,180
Three-year bonus (mid-term)	11	25	700	1,180
Equity-related remuneration (long-term)	27 ²⁾	25	700	1,180
Total target remuneration	100	100	2,800	4,740

Each year, the Supervisory Board agrees performance goals (targets) for the variable remuneration with the members of the Board of Management. These are documented in a target letter (performance contract) which sets out the quantitative and qualitative targets for the upcoming financial year and, every three years, for a three-year period. The general conditions for the variable remuneration components are set forth in the globally applicable rules of the Allianz Sustained Performance Plan (ASPP).

¹⁾ All members of the Board of Management except Dr. Achleitner (remuneration target € 3,200) and the Chairperson.

²⁾ Average 2005 – 2009.

The annual bonus payout depends on the target achievement for the respective financial year, as determined by the Supervisory Board.

The three-year bonus recognizes sustained target achievement over the three-year period. At the end of each three-year performance period, the Supervisory Board assesses the target achievement based on the set three-year targets. Payout takes place following the Supervisory Board's determination of the appropriate amounts.

Equity-related remuneration is granted in the form of virtual shares, so-called Restricted Stock Units (RSU). Grants take place after the end of the financial year in conjunction with the determination of the annual bonus amounts. The number of RSU results from dividing the annual bonus amount for the completed financial year by the calculated market value of an RSU at time of the grant. The exercise of the RSU is subject to a four-year vesting period starting with the day of grant; after expiry of the vesting period the Company pays out the equivalent amount in cash for the RSU based on the then current market price of the Allianz SE stock. Virtual stock options, so-called Stock Appreciation Rights (SAR), previously part of the equity-related remuneration, are no longer granted under the new remuneration system.

The maximum target achievement for the variable remuneration is limited to 165% (cap). Thus, the Supervisory Board can set the performance-related remuneration based on its assessment of the corresponding target achievement in the range of 0% to a maximum of 165% of target variable remuneration. Additionally, the increase in value of the RSU is limited to a maximum of 200% of the share price at grant.

The target structure for the performance-related remuneration was also realigned and the target-setting process simplified. Quantitative and qualitative targets are set for the measurement of performance of the annual bonus. The quantitative targets consist of Group targets, weighted at 50%, and targets for the business division or corporate center function within the responsibility of the respective Board member, weighted at 25%.

Annual targets for the Group are based on consolidated operating profit and consolidated net income for the respective financial year; prior year reference to Economic Value Added (EVA®) is omitted. Annual quantitative targets for the business divisions are based on operating profit. For each corporate center, relevant functional targets, e.g. for the solvency ratio or investment results, are set.

The qualitative goals, which are weighted at 25% for both the annual bonus and the three-year-bonus, are composed of five categories essential to the Group strategy. Within these categories, more concrete targets are assigned to each respective Board member.

For the three-year bonus, quantitative three-year targets focus on portfolio development, as measured by growth and profit. At Group level, reference is made to the average growth rate in the three-year performance period and the return on capital, based on the consolidated operating profit and consolidated net income for the last financial year within this three-year period. The assessment of the business divisions' business development is made on the basis of their average growth over 2010 to 2012 as well as the return on capital, based on operating profit.

The Supervisory Board assesses the target achievement on the basis of the set three-year-targets and qualitative sustainability criteria.

Target categories for performance-based cash remuneration (2010 annual targets and three-year targets for 2010 to 2012)

Annual bonus	Three-year bonus
Quantitative Targets 75%	Portfolio Development
Group targets 50%	Basis at Group level: 2010 – 2012 average growth 2012 return on capital (based on operating profit and net income)
Targets of the Business Divisions/Corporate Center Functions 25%	Basis at the level of the Business Division: 2010 - 2012 average growth 2012 return on capital (based on operating profit)
Qualitative Targets 25%	Sustainability assessment based on qualitative criteria:
2010 operating profit 2010 net income	<ul style="list-style-type: none"> • Actual growth versus expectations • Profitability development • Comparison with peers • Extraordinary events • Capital situation against internal risk capital model • Additional sustainability criteria
2010 operating profit of the Business Division	
2010 specific targets for Finance, Investment and Chief Operating Officer (COO) functions	
5 categories that are essential to the 2010 - 2012 Group strategy	
<ul style="list-style-type: none"> • “Partner of Choice” for Stakeholders (customers, employees, investors, general public) • Profitable growth • Strengthening of competitiveness • Development of market management (including e.g. addressing the sales channel conflicts, increasing the focus on younger customer segments and continued profitable customer base growth) • Protection of shareholders’ equity 	

The amount of equity-related remuneration depends on the sustained performance of the Allianz SE stock over the four-year period from RSU grant date until expiry of the vesting period.

Regarding the pension provisions and fringe benefits please refer to the above explanations (sections “Pensions and similar benefits” and “Miscellaneous”, see page 19). The principles detailed above also apply to the provisions for early termination of a Board of Management mandate with the condition that the basis for calculation of the maximum severance pay amount (cap) has been changed to the annual fixed remuneration plus 50% of the variable target remuneration.

The entitlement to a transition payment for the first six months after leaving the Board of Management after having served a term of at least five years does not apply to new appointments from January 1, 2010 onwards. For existing service contracts, a six month non-compete clause has been added to the provisions governing the transition payment.

The remuneration system complies with both the new statutory requirements as well as the remuneration circular of the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) dated

December 21, 2009 which implements in Germany the remuneration standards for the financial sector developed by the Financial Stability Board (FSB) for the G20 member states.

Executive remuneration below the Board of Management

Below the Board of Management, the same general Allianz governance standards and best practice guidelines to determine executive remuneration apply.

The information provided below refers to the circular of the German BaFin for remuneration systems in the insurance sector dated December 21, 2009. For the purposes of this report, senior executives are defined as holders of key positions. Allianz’ overall governance and control system ensures that only appropriate levels of risk are assumed. Remuneration structures and incentives are designed to encourage sustainable value-creating activities for Allianz.

Allianz operates an effective system of business, regional and company level compensation committees that periodically review remuneration guidelines and practices below the Board. Additionally, approval by a Group-level compensation committee is required for payments or individual agreements exceeding certain materiality thresholds or plans creating long-term liabilities.

Allianz deploys a number of different remuneration structures and strategies across the Group. They take into account the particular roles of executives, business activities and local remuneration and regulatory environments. This enables the business divisions to effectively compete in their respective markets, observing relevant market practice while adhering to the global principles and boundaries defined by Allianz Group. Based on the specific nature, scale and scope of each business the Board of Management has defined the appropriate level of compensation committee oversight. In general, these committees are comprised of members of the Board of Management of Allianz SE, other Regional Chief Executive Officers (CEOs), Business Division Heads, Chief Financial Officers (CFOs) or Chief Operating Officers (COOs), usually with the Human Resources head acting as adviser and/or secretary. Attention is paid to ensuring that each compensation committee also includes independent members to mitigate against potential conflicts of interest.

Allianz' global governance frameworks and minimum standards are centrally managed. This ensures global consistency and allows for timely updates to reflect changing business needs and evolving regulatory requirements. It also allows for continuous improvement in sustainable performance management and exemplary governance principles.

For the minority of operations that have either asset management or alternative investment businesses for Allianz or third-party assets, there are also tailored incentive programs and reward structures. These may deviate from the general Allianz incentive program descriptions and may include profit sharing, co-investment and other cash-based incentive plans. These businesses use both appropriate risk control measures and oversight through their respective compensation committees whose members have the competence and industry expertise.

Executives below the Board of Management are more directly responsible for specific lines of business or product groups. Likewise, their remuneration is more closely aligned with their specific country or regional business operating environments. Consequently, there is a higher degree of variation in remuneration practices and levels. However, the same principles and general structure described for the Board of Management apply here as well.

The remuneration for senior executives is primarily composed of the following elements, though not everyone in this group receives all of them, nor in the same proportions:

- Fixed salary
- Performance-based remuneration
- Short- and, where applicable, medium-term incentives
- Long-term incentives in form of equity-related remuneration

Additionally, depending on the specific market, Allianz operates a number of pension and flexible benefit plan solutions, particularly also deferred compensation schemes which may help enhance participants' retirement income.

The 2009 group-wide ratio of fixed versus performance-based remuneration at target for senior executives who may assume positions of high risk in the sense of the above-mentioned BaFin Circular (including the Allianz SE Board of Management) is approximately 49%:51%.

Senior executives may also participate in the global Employee Stock Purchase Plan (as discussed in the "Our Employees" section on page 52) though these amounts are not significant relative to their total remuneration.

As part of the changes discussed earlier-on for the Board of Management, the remuneration changes for executives below the Board principally also become effective from January 1, 2010.

Remuneration of the Supervisory Board

Supervisory Board remuneration is designed primarily to sustain and support shareholder interests and to ensure appropriate separation of remuneration practices between the Supervisory Board and the Board of Management, accounting for the difference in roles. The remuneration structure of the Supervisory Board is designed to allow for proper oversight of the business and independent decision making on the remuneration of the Board of Management.

The remuneration of the Supervisory Board is governed by § 11 of the Statutes of Allianz SE. In line with § 113 of the German Stock Corporation Act, the Supervisory Board's remuneration is determined by the Company's General Meeting. Accordingly, the provisions of § 11 of the Statutes governing the amount and structure of Supervisory Board remuneration were ratified by the Annual General Meeting in 2005. They were adopted without changes when Allianz AG was converted into Allianz SE in 2006.

The structure of the remuneration of the Supervisory Board complies with the German Corporate Governance Code. Its members receive fixed as well as performance-based remuneration, also reflecting the long-term performance of the business. The performance-based remuneration uses earnings-per-share as a performance measure, which is both appropriate and effective.

The remuneration program is regularly reviewed in light of additional German, European and international recommendations and regulations.

Strategic principles

- Total remuneration is set at an appropriate level based on the scale and scope of the Supervisory Board members' duties and responsibilities and on the Company's activities, business and financial situation.
- Balance is maintained between fixed remuneration and short-term and long-term performance based components in order to adhere to the principles of neutrality and independence of the Supervisory Board members while at the same time providing adequate performance incentives.
- Remuneration conforms to the individual functions and responsibilities of the Supervisory Board members such as chair or vice-chair or committee mandates.

Remuneration structure

The basic remuneration is made up of fixed remuneration and two performance-based components. Chairperson, Deputy Chairpersons and/or committee Chairpersons or members receive additional remuneration as described later in this section.

Fixed remuneration

The fixed remuneration amounts to € 50,000 per year.

Performance-based remuneration

- Short-term performance-based remuneration depends on the growth of consolidated earnings-per-share (EPS) compared to the previous year¹⁾. Zero payout occurs if no growth (0%) is achieved, and a maximum payout of € 24,000 occurs if 16% EPS growth is achieved.
- Long-term performance-based remuneration depends on the growth of the consolidated earnings-per-share (EPS) compared to the value of the same measure three years ago²⁾. There is no payout if there is no EPS growth. The maximum payout amounts to € 24,000 and is reached upon the achievement of 40% EPS growth.

For both performance-based remuneration components, earnings-per-share growth only above a € 5 threshold is measured. Allianz must produce EPS growth above this threshold for the Supervisory Board to be able to receive any performance-based remuneration.

The Chairperson and Deputy Chairpersons of the Supervisory Board as well as the Chairperson and members of Supervisory Board committees receive additional remuneration as follows:

Chair

Function	Remuneration
Chairperson of Supervisory Board	receives 2 times basic remuneration
Deputy Chairperson of Supervisory Board	receives 1.5 times basic remuneration

¹⁾ € 150 for each tenth percentage point by which the Group's earnings-per-share increased in comparison to the preceding year.

²⁾ € 60 for each tenth percentage point by which the Group's earnings-per-share increased over the past three years.

Committees

Function		Additional remuneration
Audit Committee	Chairperson	€ 45,000
	Member	€ 30,000
Nomination Committee	Chairperson	€ 0
	Member	€ 0
Other Committees (Personnel Committee, Standing Committee and Risk Committee)	Chairperson	50% of basic remuneration
	Member	25% of basic remuneration

With the two performance-based remuneration components being capped at a maximum of € 24,000 and a fixed remuneration sum of € 50,000, the maximum total basic remuneration for a Supervisory Board member amounts to € 98,000 per year. It is reached when the previous year's earnings-per-share measure has risen by 16% and when this indicator has further improved by a total of 40% over the prior three years.

The members of the Supervisory Board receive a € 500 fee for each Supervisory Board or committee meeting attended in person. No additional attendance fees are paid if several meetings occur on one day or on consecutive days.

There is a cap on the total remuneration of each member of the Supervisory Board. Fees for the Chairman of the Supervisory Board must not exceed 300% of the basic remuneration of a member. For other members, the limit is set at 200% of the basic remuneration.

2009 Remuneration

The Group's earnings-per-share amounted to € 9.53 in 2009. Compared to the year 2008, it increased by 90.6% above the minimum threshold of € 5. There was no increase related to the year 2006. Therefore, the basic remuneration for the year 2009 consists of the following remuneration components:

Basic remuneration component	2009 €	2008 €
Fixed remuneration	50,000	50,000
Short-term performance-based remuneration	24,000	0
Long-term performance-based remuneration	0	0
Total basic remuneration	74,000	50,000

The maximum possible remuneration (excluding attendance fees) for the year 2009 amounted to € 222,000 for the Chairman of the Supervisory Board, and to € 148,000 for the other Supervisory Board members.

The total remuneration for the Supervisory Board members, including attendance fees, amounted to € 1,491,086 in 2009, compared to € 1,080,000 in 2008. Accordingly, the average annual remuneration for the Supervisory Board members increased to € 123,400 (2008: € 90,000). No performance-based remuneration was awarded for 2008.

The following table sets out the individual remuneration for the Supervisory Board for 2009. Previous year figures are shown for reasons of transparency.

Members of the Supervisory Board		Fixed remuneration	Short-term performance-based remuneration	Long-term performance-based remuneration	Committee remuneration	Attendance fees	Total remuneration (after cap)
		€	€	€	€	€	€
Dr. Henning Schulte-Noelle (Chairman)	2009	100,000	48,000	0	111,000	2,500	224,500 ¹⁾
	2008	100,000	0	0	75,000	4,000	154,000 ²⁾
Dr. Gerhard Cromme (Deputy Chairman)	2009	75,000	36,000	0	37,000	2,000	150,000
	2008	75,000	0	0	36,250	4,000	104,000 ³⁾
Rolf Zimmermann (Deputy Chairman)	2009	70,834	34,000	0	35,459	2,500	142,793
	2008	50,000	0	0	12,500	4,000	66,500
Claudia Eggert-Lehmann (former Deputy Chairwoman) (until January 12, 2009)	2009	6,250	3,000	0	3,084	0	12,334
	2008	75,000	0	0	25,000	3,500	103,500
Dr. Wulf H. Bernotat	2009	50,000	24,000	0	48,500	2,000	124,500
	2008	50,000	0	0	42,500	4,000	96,500
Jean-Jacques Cette	2009	50,000	24,000	0	30,000	3,500	107,500
	2008	50,000	0	0	30,000	4,000	84,000
Karl Grimm (since January 28, 2009)	2009	50,000	24,000	0	16,959	1,500	92,459
	2008	—	—	—	—	—	—
Godfrey Robert Hayward	2009	50,000	24,000	0	18,500	2,000	94,500
	2008	50,000	0	0	12,500	3,500	66,000
Dr. Franz B. Humer	2009	50,000	24,000	0	63,500	3,000	140,500
	2008	50,000	0	0	50,000	4,500	104,500
Prof. Dr. Renate Köcher	2009	50,000	24,000	0	18,500	2,000	94,500
	2008	50,000	0	0	12,500	3,500	66,000
Peter Kossubek	2009	50,000	24,000	0	18,500	2,000	94,500
	2008	50,000	0	0	12,500	3,500	66,000
Igor Landau	2009	50,000	24,000	0	30,000	2,500	106,500
	2008	50,000	0	0	30,000	4,500	84,500
Jörg Reinbrecht	2009	50,000	24,000	0	30,000	2,500	106,500
	2008	50,000	0	0	30,000	4,500	84,500
Total	2009	702,084	337,000	0	461,002	28,000	1,491,086
	2008	700,000	0	0	368,750	47,500	1,080,000
Change from previous year							+ 38.1%

Remuneration for mandates in other Allianz Group subsidiaries

As a member of the supervisory board of the former Allianz Group company Dresdner Bank AG, Claudia Eggert-Lehmann received € 45,000. As member of the supervisory board (until April 2, 2009) of Allianz Deutschland AG, Mr. Karl Grimm received € 20,000.

Loans to members of the Board of Management and Supervisory Board

On the date of balance (December 31, 2009), there were no outstanding loans granted by Allianz Group companies to members of the Board of Management and Supervisory

Board of Allianz SE. When granted, these loans are provided at standard market conditions or on the same conditions that apply to employees. Overdraft facilities are granted to members of the Board of Management and Supervisory Board as part of existing account relationships, again in line with standard market conditions or those applied to employees. These overdrafts are made in the ordinary course of business on terms comparable to loans and overdrafts made available to individuals in peer groups. They do not involve any more than normal risks threatening repayment and do not present any other unfavorable features. Loans and overdrafts to members of the Board of Management are set according to the conditions prevailing for Allianz employees.

¹⁾ Total remuneration (excl. attendance fees) is capped at € 222,000 (for Chairperson, the limit is three times the 2009 basic remuneration).

²⁾ Total remuneration (excl. attendance fees) was capped at € 150,000 (for Chairperson, the limit is three times the 2008 basic remuneration).

³⁾ Total remuneration (excl. attendance fees) was capped at € 100,000 (limit of twice the 2008 basic remuneration).