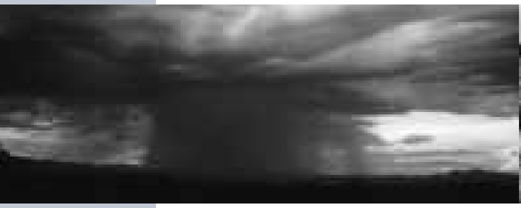
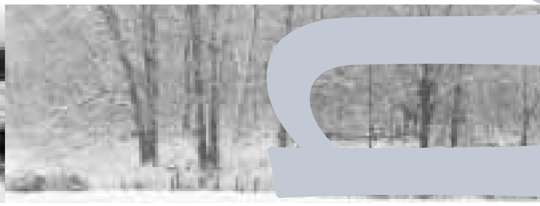
Allianz Aktiengesellschaft

Annual Report 2000





Allianz Aktiengesellschaft		2000	Change from previous year in %	1999	Change from previous year in %	1998	Change from previous year in %	More on page
Gross premiums written	€ mn	6,040	16.6	5,180	8.8	4,760	– 3.9	9
Retention	in %	65.5		63.4		62.8		
Loss ratio on own account	in %	76.0		74.9		71.6		8
Expense ratio (gross)	in %	26.2		25.6		26.2		8
Underwriting result	€ mn	– 201		– 123		55		8
Non-underwriting result	€ mn	940	– 18.5	1,153	30.7	882	47.3	14
Earnings before tax	€ mn	739	– 28.3	1,030	10.0	937	57.8	14
Taxes	€ mn	126		– 321		– 239		14
Net income	€ mn	865	22.1	709	1.6	698	16.1	14
Investments under management	€ mn	39,913	13.6	35,129	10.0	31,927	18.2	11
Shareholders' equity	€ mn	11,383	7.0	10,640	5.2	10,118	32.4	31
as percent of net premium income	in %	287.6		324.1		338.5		
Insurance reserves	€ mn	17,211	7.6	15,991	7.2	14,916	– 0.1	27
Dividend per share	€	1.50		1.25		DM 2.20		14
Total dividend	€ mn	369		307		276		
Allianz share price at year end	€	399		334		317		
Market capitalization of Allianz shares at year end	€ bn	98.0		81.8		77.6		

CONTENTS

We monitored the Board of Management's conduct of the business in accordance with the responsibilities assigned to us by legal regulations and the company's articles of association. Five meetings of the Supervisory Board were held in fiscal 2000. We made sure that we were kept informed about important transactions between these meetings by requesting and receiving written reports from the Board of Management. The Chairman of the Supervisory Board was, in addition, notified by the Board of Management about major developments and decisions as and when they occurred.

Main issues discussed | Regular reports were presented to the Supervisory Board concerning the development of the business and the economic situation of the Allianz Group, Allianz AG, the main subsidiaries and other equity interests. We requested and received detailed explanations about corporate planning for fiscal 2001.

We closely followed the continued development of the asset management business, the new core area of company operations. The Board of Management succeeded in taking a further large step towards the achievement of its ambitious targets by acquiring the US asset management company Nicholas Applegate. The economic significance of these operations to the Allianz Group is emphasized by the current pension reform plans of the German government. Demand for insurance and fund products to cover financial needs in retirement is likely to increase sharply in connection with this reform project. In this context, the Board of Management explained its plans to us for the establishment of a separate sales organisation in the asset management field.

At an extraordinary meeting on March 31, 2001, we discussed the proposed take-over of Dresdner Bank by Allianz AG. The planned transaction will create a global financial services group with a comprehensive range of insurance, asset management and banking service products. We agree with the Board of Management that the combination of Allianz and Dresdner Bank represents an appropriate response to the challenges that will need to be faced in future and approved the project.

We were also able to satisfy ourselves that the Board of Management is giving high priority to the internationalization of the Allianz Group. A number of acquisition projects were presented to us. We noted that particularly good progress is being made in Central and Eastern Europe as well as Southeast Asia.

We received frequent reports concerning the preparations for admission of the Allianz share for trading on the New York Stock Exchange. As is generally known, Allianz reached this objective earlier than expected, in November last year.

We welcomed the decision taken by the Board of Management to offer Allianz shares on special conditions not only to staff employed in Germany but also – for the first time – to employees outside Germany. We are convinced that this move will help to strengthen Group identification and will therefore be supporting continued international expansion of the share program for company staff.

The Supervisory Board kept a close eye on the Allianz Group's management of its equity interests. We also followed the latest developments at Allianz Capital Partners, a company that mainly makes direct investments in companies without a stock exchange listing.

We received a special report about "alternative risk transfer." Further major issues discussed included the plans for rearrangement of shareholdings with Münchener Rück, the negotiations about the establishment of the German foundation and the development of an e-business strategy for the Allianz Group.

Committee meetings | The Supervisory Board formed the Standing Committee, the Executive Committee and the Mediation Committee required by the German Codetermination Act from among its own members. The Standing Committee held four meetings in the year under review, at which it mainly discussed capital measures taken by the company, current acquisition projects and the commissioning of auditors for the annual accounts. The Executive Committee, which is responsible for dealing with human resources issues, met twice. There was no need for the Mediation Committee to meet.

Annual accounts and consolidated financial statements | KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Munich, audited the annual accounts of Allianz AG and the consolidated financial statements of the Group as of December 31, 2000 as well as the management reports of Allianz AG and the Group and issued an unqualified certificate in both cases.

The annual accounts and the consolidated financial statements, the management reports, the recommendation made by the Board of Management concerning the appropriation of earnings and the audit reports submitted by KPMG were distributed to all the members of the Supervisory Board and were discussed in detail at the meeting of the Supervisory Board held for this purpose in the presence of the independent auditors on May 30, 2001. No objections arose in the course of our own review of these documents as presented by the Board of Management and the independent auditors, so that we concur with the findings of the audit by KPMG. We are in agreement with the recommendation made by the Board of Management concerning the appropriation of earnings. The Supervisory Board has approved the annual accounts prepared by the Board of Management and have therefore been adopted.

Members of the Supervisory Board and Board of Management | Dr. Diethart Breipohl was elected to the Supervisory Board at the Annual General Meeting last year; he had been appointed beforehand by the court responsible to be the successor to Mr. Bernd Pischetsrieder as a member of the Supervisory Board.

The management structure of Allianz AG is to be reorganised in connection with the planned take-over of Dresdner Bank. In this context, the Supervisory Board decided at its meeting on May 30, 2001 to appoint Professor Dr. Bernd Fahrholz, Mr. Leonhard H. Fischer and Dr. Horst Müller as members of the Management Board with effect from when the take-over offer is implemented and the legal review of the transaction has been completed. Professor Dr. Bernd Fahrholz will be Deputy Chairman of the Management Board and head of the “Allianz Dresdner Financial Services” business unit, Mr. Fischer will be taking charge of the “Dresdner Kleinwort Wasserstein“ (investment banking) business unit and Dr. Müller will be responsible for “Financial Risk Management”.

The Supervisory Board would like to express its thanks to all the employees of the individual Group companies for their hard work and motivation. The continued success of the Allianz Group is attributable to a large extent to their commitment.

Munich, May 30, 2001

For the Supervisory Board

Dr. Klaus Liesen
Chairman

Dr. Klaus Liesen

Chairman of the Supervisory Board
Ruhrgas AG,
Chairman

Karl Miller

Salaried employee,
Frankfurter Versicherungs-AG,
Deputy Chairman

Dr. Alfons Titzrath

Chairman of the Supervisory Board
Dresdner Bank AG,
Deputy Chairman

Dr. Karl-Hermann Baumann

Chairman of the Supervisory Board
Siemens AG

Norbert Blix

Salaried employee,
Allianz Versicherungs-AG

Dr. Diethart Breipohl

Former member of the Board of Management
Allianz Aktiengesellschaft,
since March 10, 2000

Klaus Carlin

Commerce, Bank and Insurance
Workers' Union (HBV)

Bertrand Collomb

Président Directeur Général
Lafarge

Jürgen Dormann

Chairman of the Board of Management
Aventis S.A.

Professor Dr. Rudolf Hickel

University Professor

Reiner Lembke

Salaried employee,
Allianz Versicherungs-AG

Frank Ley

Salaried employee,
Allianz Lebensversicherungs-AG

Alfred Mackert

Salaried employee,
Vereinte Krankenversicherung AG,
until January 31, 2000

Bernd Pischetsrieder

Member of the Group Board of Management
Volkswagen AG,
until February 29, 2000

Reinhold Pohl

Custodian,
Allianz Lebensversicherungs-AG

Gerhard Renner

Member of the
Federal Executive Committee
German Union of Commercial, Clerical
and Technical Employees (DAG)

Roswitha Schiemann

Branch Manager,
Allianz Versicherungs-AG

Dr. Albrecht Schmidt

Speaker of the Board of Management
Bayerische Hypo- und Vereinsbank AG

Dr. Manfred Schneider

Chairman of the Board of Management
Bayer AG

Dr. Hermann Scholl

Chairman of the Executive Board
Robert Bosch GmbH

Jürgen E. Schrempp

Chairman of the Board of Management
DaimlerChrysler AG

Jörg Thau

Salaried employee,
Vereinte Krankenversicherung AG,
since February 1, 2000

Dr. Henning Schulte-Noelle

Chairman

Dr. Paul Achleitner

Chief Financial Officer

Detlev Bremkamp

Europe, Reinsurance,
ART

Michael Diekmann

Asia-Pacific, Central/Eastern Europe,
Near East, Africa

Dr. Joachim Faber

Asset Management
and Other Financial Services

Dr. Reiner Hagemann

Property and Casualty Insurance
Germany
Personnel Director

Herbert Hansmeyer

North and South America

Dr. Helmut Perlet

Controlling, Accounting and Tax

Dr. Gerhard Rupprecht

Life and Health Insurance
Germany

REINSURANCE

Alongside its functions as holding company for the Group, Allianz AG also acts as a reinsurer. Most of its premium income is generated from Allianz subsidiaries and affiliates.

Gross premiums increased by 16.6 percent during fiscal 2000 to 6.0 (5.2) billion euros. Net premiums climbed by 20.6 percent to 4.0 (3.3) billion euros.

A proportion of the increased volume of business was due to the change in accounting policy. Whereas in the past reinsurance business assumed was reported in arrears in a wide range of segments and regions, these items will be entered in the current year from fiscal 2000. This non-recurring effect led to additional income (gross) amounting to 451 million euros. If accounting policy had not been changed, gross income would have risen by 7.9 percent to 5.6 billion euros. This growth was driven by the German life insurance business in particular, and by more intensive business relations with the credit insurers in the Allianz Group.

The proportion of total premium income contributed by companies outside Germany expanded to 23.9 (16.9) percent. This percentage dropped to 21.6 percent after adjustment for the non-recurring effect arising from reporting in the current fiscal year.

Before adjustments to the claims equalization reserve, the underwriting result declined to – 203.8 (– 124.5) million euros.

The loss ratio for own account (excluding redemptions and premium refunds) rose to 72.0 (68.8) percent. The impact of claims from natural disasters increased this ratio. The picture was not one of individual disasters with large settlement figures contributing to a worsening of the claims ratio, but rather a large number of small and medium-size natural disasters. Floods in Italy and South Africa and summer hail storms in Austria and Germany were some of the events with which we had to contend. We also had to increase the reserve for losses incurred by the winter storms which swept across Western Europe at the end of 1999. Moreover, expenses resulting from individual major-damage claims arising from the industrial reinsurance segment rose substantially.

The expense ratio was 26.2 (25.6) percent. This ratio is primarily influenced by the volume of reinsurance commissions.

The higher level of loss expenses meant that withdrawals from the claims equalization reserve amounted to 2.9 (1.9) million euros. The underwriting result after adjustments to the claims equalization reserve was – 200.9 (– 122.6) million euros.

Gross premiums written and results by insurance line in 2000

	Gross premiums written		Net underwriting result	
	2000 € mn	Change in %	2000 € mn	Change in € mn
Automobile	1,402.9	9.0	– 101.3	– 28.9
Fire	724.8	36.9	– 30.6	– 11.8
Liability	560.8	12.9	– 41.5	– 52.6
Personal accident	470.5	4.6	14.7	26.6
Engineering	337.3	44.8	– 37.4	– 18.0
Homeowners	147.4	5.2	8.8	23.2
Household effects	110.2	0.1	10.8	0.6
Business interruption	63.3	– 9.5	– 3.2	– 0.3
Marine	175.9	25.8	– 9.5	– 2.2
Legal expenses	152.8	11.5	2.2	– 5.1
Life	968.3	17.5	23.5	1.3
Health	155.3	8.7	1.3	7.6
Other	770.0	24.2	– 38.7	– 18.7
Total	6,039.5	16.6	– 200.9	– 78.3

“Other” lines of reinsurance include:

- emergency assistance,
- burglary, theft and robbery,
- omnium (comprehensive cover for goods during the manufacturing process),
- extended coverage,
- glass,
- hail,
- credit and bond,
- water damage,
- aviation,
- aircraft and spacecraft liability,
- storm,
- animal (livestock),
- other property and casualty business.

The following provides an overview of the specific developments affecting the various reinsurance lines.

Premium income generated from **automobile reinsurance** climbed to 1,403 (1,287) million euros. Sales arising from business transacted with Allianz companies in Germany were particularly significant here. They started an upward trend for the first time since 1995, moving up by 1.9 percent. We achieved a gratifying increase in premiums written for automobile liability insurance as further monopolies tumbled in Eastern European countries.

The underwriting result (before adjustment for claims equalization reserve) was primarily determined by developments in the German market. This area saw two opposing trends in fiscal 2000. The result for reinsurance business associated with automobile liability risks improved, whereas automobile physical damage insurance showed a decline over the previous year's figures. Losses due to hail storms were a significant factor in putting pressure on this reinsurance loss ratio. The result was – 101.3 (– 72.4) million euros after the statutory withdrawal of 6.6 (67.4) million euros from the claims equalization reserve.

Premium income from **fire reinsurance** increased to 724.8 (529.6) million euros, with 110.6 million coming from the changeover to real-time accounting. While fierce competition continued to act negatively on sales in Germany, the Allianz AG Reinsurance Branch in Singapore continued to expand its reinsurance portfolio. Major-damage claims in industrial fire reinsurance and losses arising from natural disasters were instrumental in dragging down the result. Losses (after adjustment for claims equalization reserve) amounted to 30.6 (– 18.8) million euros.

Premium income from **liability insurance** went up 560.8 (496.8) million euros. The rise in premiums written was primarily due to an expansion of facultative reinsurance business in the US. A string of major-damage claims impacted negatively on the result, with a net loss of 41.5 (+ 11.1) million euros after adjustment for claims equalization reserve.

Premium income from **personal accident insurance** climbed to 470.5 (449.7) million euros. Growth was concentrated in Germany, while sales on business with companies outside Germany declined. Following on the heels of a loss in 1999 – primarily caused by reinsurance business with the Australian Allianz companies – personal accident insurance has once again turned in a profit. This amounted to 14.7 (– 11.9) million euros during fiscal 2000, following adjustment for claims equalization reserve.

Premium income from **reinsurance of engineering business** advanced to 337.3 (232.9) million euros, although sales of 60.5 million euros were the consequence of the changeover in accounting modalities. Premium levels in Germany continued to decline. Falling premiums and elevated claims frequency diminished the result. A loss of 37.4 (–19.4) million euros was recorded after adjustments for the claims equalization reserve.

Sales of **homeowners reinsurance** and **household effects reinsurance** edged up to 257.6 (250.2) million euros. Claims for homeowners insurance experienced a significant fall over the previous year. The overall result went up to 19.6 (– 4.2) million euros over the previous year after adjustments for claims equalization reserve.

Premium income for **business interruption reinsurance** eased back to 63.3 (70.0) million euros and this insurance line recorded a loss of 3.2 (–2.9) million euros.

Premium income in **marine reinsurance** leapt to 175.9 (139.8) million euros, largely as a result of the switch to real-time book-keeping. A loss of 9.5 (– 7.3) million euros was recorded after adjustments for claims equalization reserve.

The changeover to real-time accounting also pushed up sales in **legal expenses reinsurance**. The volume of business amounted to 152.8 (137.0) million euros. After transfers of 9.5 million euros to the claims equalization reserve, the result dropped to 2.2 (7.3) million euros.

Premium income for **life insurance** rose to 968.3 (824.4) million euros. Although this growth stemmed mainly from reinsurance relations with German companies, business with Eastern Europe and Asia-Pacific also generated additional income. The result (after adjustments for claims equalization reserve) improved to 23.5 (22.2) million euros.

Sales in **health reinsurance** gained ground, rising to 155.3 (142.8) million euros. This growth was principally fuelled by the expanding business written by the Allianz AG Reinsurance Branch in Singapore. The result for health insurance experienced a significant improvement, turning in a profit of 1.3 million euros after a loss of 6.3 million euros in 1999.

Premium income from **other reinsurance lines** went up to 770.0 (619.6) million euros. The main engines for this growth were property insurance with increasing benefits, other physical damage insurance and warranty insurance for vehicles in Germany. The key subsegments for other reinsurance lines are other non-proportional reinsurance with premium income at 420.9 (358.7) million euros, extended coverage reinsurance at 125.1 (98.5) million euros and credit reinsurance at 124.6 (76.3) million euros. The overall underwriting result deteriorated to – 38.7 (– 20.0) million euros.

INVESTMENTS

The **book value of the investments** of Allianz AG increased by 13.6 percent to 39.9 (35.1) billion euros.

Real estate holdings rose by 23 million euros over 1999 to 369 million euros in the year under review. New investments were mainly focused on reorganizing the Allianz Head Office in Munich.

Net book value additions to **investments in affiliated and associated companies** amounted to 5.7 billion euros, bringing the total under this heading to 28.0 billion euros.

Major transactions are listed below.

- We acquired 65.9 percent of the stock in US asset manager PIMCO through Allianz of America.

- We increased our holding in French insurer Assurances Générales de France (AGF) to 59.3 percent of the stock or 65.05 of the voting rights.

- We implemented capital increases in our subsidiaries, such as those in Australia and South Korea. We also acquired a 12.5 percent interest in Hana Bank, South Korea, to give us the capability of strengthening our sales there and key into new areas of business.

- We restructured our asset holdings in the Netherlands.

The category of **other investments** was reduced to 2.2 (3.8) billion euros. This is mainly due to the sale of bonds with a net value of 1.4 billion euros, particularly those bonds denominated in US dollars. These had a book value of 1.0 billion euros and were used to finance the PIMCO acquisition. The portfolio of stocks and investment interests remained unchanged at 1.2 billion euros. Bank deposits amounted to 17 (233) million euros at the close of the year under review.

The market value of real estate holdings, dividend-bearing securities (investments in affiliated and associated companies, stocks and investment certificates) and bearer bonds increased by 23 percent to 73.0 (59.5) billion euros at December 31, 2000. Solid price performance of listed insurance holdings were responsible for this growth. These interests included Münchener Rückversicherungs-Gesellschaft AG, Riunione Adriatica di Sicurtà and AGF. The corresponding balance sheet value was 28.1 (25.5) billion euros.

Funds held by others to reinsurance business assumed went up to 9.3 (8.7) billion euros.

Current income from investments rose significantly, by 348.4 million euros to 2,014.3 million euros, for the following reasons:

- At 303.2 million euros, the profit transferred by Allianz Versicherungs AG was higher than the 1999 figure by 67.0 million euros.

- Income from equity holdings nearly doubled at 684.5 million euros. Payouts of retained profits from our asset holdings were principally responsible for this.

- There was only a slight reduction in income from other investments. We generated a profit of 1,026.5 (1,100.2) million euros from other investments. This item includes 584.0 (541.9) million euros for interest from funds held by others.

Realized investment gains remained virtually unchanged at 931 (946) million euros. They arose primarily from the following transactions:

- Internal Group restructuring generated 440 million euros.
- Sale of US bonds yielded 232 million euros.
- We achieved further gains on sales of equity investments (208 million euros), currency gains on loans (16 million euros), real estate disposals (30 million euros) and disposals of investment certificates (6 million euros).

Realized investment losses totaled 96.0 (27.6) million euros. This item was determined (83 million euros) by release of an equity holding. It included interests in Wüstenrot & Württembergische AG, which was formerly held by our Group company AGF.

Depreciation and writedowns amounted to 344.7 (160.5) million euros. This amount included:

- 250.0 million euros on our holdings in South Korea,
- 51.4 million euros for currency-related depreciation and writedowns on loans to affiliated companies,
- 6.1 million euros on securities, and
- 37.1 million euros on real estate.

There has been a requirement to restate original values since fiscal 1999. This regulation necessitated write-ups for securities amounting to 4.0 (146.1) million euros during the year under review. We also released 43.6 million euros from the revaluation reserve created in 1999. This is intended to distribute the substantial economic effect of the first-time requirement for restating original values over a period of five years, thus ameliorating the impact of this measure.

Overall the **net income from investments** fell back to 1,807.9 (1,979.8) million euros. This figure represents the net result after:

- deduction of investment management expenses amounting to 165.4 (97.4) million euros;
- deduction of interest expenses amounting to 542.9 (367.9) million euros, incurred almost exclusively on loans from Group companies;
- expenses of 36.5 million euros incurred for a swap.

The significantly higher level of investment management expenses results primarily from two factors:

- higher expenses for managing our worldwide subsidiaries, and
- project costs that arose in connection with having our shares listed on the New York Stock Exchange and switching over to quarterly reporting.

Of the net income figure, 577.5 (538.3) million euros were credited to the underwriting account for the allocated interest return.

TOTAL EARNINGS

Non-underwriting activities produced an overall profit of 939.6 (1,152.7) million euros. Added to the underwriting loss of 200.9 (– 122.6) million euros, earnings before taxes came to 738.7 (1,030.1) million euros. Tax income of 126.5 (– 321.2) million euros was received during fiscal 2000. The following factors were responsible for this relief:

- We sold holdings held outside Germany. The gains on these transactions are tax free.

- 1999 was subject to an unscheduled transfer to accrued taxes. This was carried out in conjunction with the statutory requirement to value loss reserves more in line with real values.

- The fiscal treatment of Group companies involved receiving a transfer amounting to 203.6 million euros.

Net income for the year amounted to 865.2 (708.8) million euros. Of this amount, 432.5 million euros were transferred to the reserve for other appropriated retained earnings, leaving 432.7 million euros in unappropriated net income. At the Annual General Meeting to be held on July 11, 2001, shareholders will be asked to approve an additional appropriation of 64.1 (47.8) million euros from net income to retained earnings. The dividend to be paid on each share qualifying for dividends is to be increased to 1.50 (1.25) euros.

RISK MANAGEMENT

As an insurer and institutional investor, we regard risk management as one of our core competences. Risk management therefore constitutes an integral element of our controlling processes.

Risk categories | We break down the overall risk into individual risk categories.

Premium risk for property and casualty insurance. This risk relates to the danger of insurance premiums specified in advance as not being sufficient to cover future loss expenses.

Premium risk in life and health insurance. This risk arises from the following situation: We have to provide a promise of a guaranteed benefit over the long term on the basis of a fixed insurance premium that is defined in advance. The benefit remains the same, irrespective of any changes in the parameters that might affect the policy in the future (e.g. medical advances, longer life expectancy).

Property and casualty insurance and life and health insurance all carry a **reserve risk**: Reserves formed in previous years may not be adequate to cover claims requiring payment in the future.

Individual classes of insurance such as life insurance carry an **interest guarantee risk**: These lines have to generate the required level of interest payments at the rate that has been guaranteed.

Credit risk relates to the risk of default by debtors of the company, mainly reinsurers.

Investment risks. This risk is divided into the following categories:

- Market risks arise from volatility in stock market and other capital market prices,
- credit risks relate to the risk of default by debtors and the possibility of deterioration in their credit-worthiness,
- liquidity risk associated with our obligations to make payments arising from our insurance policies that we must be in a position to meet at all times.

Operating risks. These risks arise mainly from factors such as hardware, software, or application programs.

Risk limitation | What risk-management instruments do we employ to protect ourselves against these dangers?

- **Premium risks**. These risks are mainly managed using actuarial models for pricing and for monitoring claims events. Our guidelines for concluding insurance policies and assuming insurance risks are also part of our risk management strategy. We focus primarily on biometric risks in health insurance – life expectancy, occupational disability, sickness and need for nursing care. We also take into account the risks that might arise from future policy cancellations and track risks arising from interest-rate guarantees given to our customers.
  Moreover, we engage in scientific loss prevention, carrying out ongoing studies for the manufacturing industry and in the automobile sector. The sole purpose of these studies is to reduce the probability of a loss occurring and to minimize loss expenses.
  Natural disasters such as earthquakes, storms and floods represent a special kind of challenge for risk management. While they occur less frequently than other loss-causing events, their consequences can often go far beyond the usual level of loss, for instance when entire regions are devastated. We employ modeling techniques to master such risks. This involves collating the data on earthquakes or weather patterns in such a way that natural disaster scenarios can be simulated in order to permit scientific calculation of their effects on claims.

- **Reserve risks**. Reserves need to be set up for insurance claims that have been submitted but not yet adjusted. We make use of historic values and statistical techniques in assessing the appropriate amounts. In addition, we limit the risk by continually monitoring the development of these reserves. The accumulated know-how is channeled back into current assessments.

- **Credit risks.** The Group limits its liability as necessary by passing on a proportion of the risks assumed to the international insurance market. When selecting our reinsurance partners we only consider business partners that offer excellent security. Our Group companies also employ wide-ranging information on rating to restrict credit risk. Such information is either generally available or acquired through internal studies.

- **Investment risks.** Investment is an integral element of the insurance protection service. Investments guarantee the benefits promised under insurance policies. When assessing investment risks we use models that take this close relationship into account.

We use sensitivity analyses and stress tests to monitor the impact of negative developments. The economic risk arising from exchange rate fluctuations is virtually excluded because our benefit commitments are, as far as possible, backed by funds in the same currency. We limit credit risks by setting high requirements for the financial stability of our debtors and by spreading exposure to risk. We coordinate our commitment to individual debtors across the different categories of investment and monitor exposure by limit lists.

Derivative financial instruments – such as swaps, options and futures – are also used selectively to hedge against changes in prices and interest rates and to prepare the ground for acquisitions. Our Group companies are end-users of derivatives. Our internal investment and monitoring guidelines are even stricter than the respective regulatory requirements.

Market and credit risks arising from the deployment of derivatives are subject to particularly stringent checks:

- Credit risks are assessed by measuring gross replacement values.

- Market risks are monitored using up-to-date value-at-risk calculations and stress tests, and by fixing "stop loss limits".

We limit liquidity risks by reconciling our portfolio of investments with the obligations arising from our insurance operations. We also plan our cash flow from ordinary activities.

The composition and diversity of our investments are an additional factor in our management of investment risk. Our organization limits investment risks by strictly separating trading, settlement and controlling.

Risk monitoring by third parties | Regulatory authorities and rating agencies are additional risk-monitoring bodies. Regulatory authorities define the minimum level of precautionary measures in the individual countries and internationally. Rating agencies assess the financial strength of companies by setting the risk potential against the available capital resources.

International rating agencies Standard & Poor's and A.M. Best awarded their highest AAA and A++ ratings to the Allianz Group.

OUTLOOK

As the Group's reinsurer, Allianz AG participates in the premium income and earnings performance of the Group subsidiaries and affiliates. The major portion of business volume derives from Germany and exerts a defining influence on the development of sales and earnings. Premium income is projected to fall back in Germany during 2001, principally as a consequence of a change in the proportional reinsurance relations with domestic Allianz companies. We are therefore anticipating that overall sales will be down in 2000. This is irrespective of the non-recurring effect that changeover in accounting modalities exerted in the course of 2000.

Rate adjustments in German automobile reinsurance business to meet claims expenditure ought to improve earnings in this important reinsurance class, provided that the claims burden in automobile own damage reinsurance keeps within the bounds of the average value for many years. We are also anticipating a more favorable result in 2001 for reinsurance business with industrial risks. Overall, we expect a significantly improved underwriting result after adjustments for claims equalization reserve.

Taken together with investment earnings – estimated at the year-earlier level – we predict that net income will again improve on the result for 2000 in the year 2001. This projection is subject to the condition that net income will not be adversely affected by extraordinary major-damage claims, natural disasters and turmoil in the capital markets.

Events after the balance sheet date

Takeover offer by Allianz AG to the shareholders of Dresdner Bank AG

Allianz AG and Dresdner Bank AG agreed to join forces to create an integrated financial services group. This transaction is geared towards positioning the group to take maximum advantage of substantial business opportunities in the growth markets for old-age provision, corporate pension provision, and capital accumulation.

Within the consent of the Supervisory Board, the Board of Management of Allianz AG decided on March 31, 2001 to make a takeover offer to the shareholders of Dresdner Bank AG for the purchase of their Dresdner Bank shares at a price of 53.13 euros per share. At the same time DAD Transaktions Gesellschaft mbH, which is not affiliated with the Allianz Group, will offer Dresdner Bank shareholders shares in Allianz AG in exchange for part of the cash payment they will receive if they take up the Allianz offer. As a result, Dresdner Bank shareholders will receive one Allianz share plus an additional 200 euros in cash for 10 Dresdner Bank shares. The total amount required to finance this offer is approximately 25 billion euros.

Restructuring other participations

In conjunction with the reduction in cross-holdings with Münchener Rück previously announced in 2000, Allianz is also planning to restructure joint holdings in insurance enterprises. The Allianz Group will purchase an interest of 45.0 percent in Bayerische Versicherungsbank held by the Münchener Rück Group and the shareholding of 49.9 percent in Frankfurter Versicherung. Münchener Rück will in turn acquire the interest of 36.1 percent held by the Allianz Group in Karlsruher Lebensversicherung. Allianz also came to an agreement with Münchener Rück in

April 2001, to acquire the 40.6 percent stake held by Münchener Rück in Allianz Lebensversicherungs-AG. These transactions will be performed in the course of 2002. Neither Group now holds interests in the primary insurers of the other Group.

In connection with the public takeover offer made by Müchener Rück to ERGO shareholders, the Allianz Group concluded forward sales of up to 6.6 percent of the shares of Münchener Rück. Münchener Rück in turn concluded forward sales of up to 4 percent of the shares of Allianz in connection with the public takeover offer made by Allianz for Dresdner Bank. It was also agreed with Münchener Rück that Allianz would sell the interest held by the Allianz Group in Hypovereinsbank AG, currently amounting to 13.6 percent of the share capital, to Münchener Rück during the course of 2002.

The joint-venture agreement with Dresdner Bank and HypoVereinsbank will be reviewed in the course of restructuring the participations. Cooperation with Dresdner Bank is scheduled for expansion to cover the whole of Germany following the successful conclusion of the takeover of Dresdner Bank, with effect for new business from 2002. In this connection, the joint venture with HypoVereinsbank will be ended.

Nicholas Applegate

On January 31, 2001, Allianz acquired an interest of 100 percent in the private US asset manager Nicholas Applegate, based in San Diego. The purchase price is 1,111.0 million euros. The transaction also includes performance-related purchase price payments of up to 1,236.0 million euros and incentive and retention schemes of 170.0 million euros.

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

The Offers are not being made, directly or indirectly, in or into the United States, Canada, Australia or Japan and they will not be permitted to be accepted in or from the United States, Canada, Australia or Japan. Accordingly, no offer will be made for American Depositary Shares of Dresdner Bank.

The Allianz Shares offered hereby, as well as the Dresdner Bank Shares tendered into the Allianz Tender Offer (as defined in Section I of the Offer Document) that are traded on the Frankfurt Stock Exchange in packages of 10 (ten) Dresdner Bank Shares and the amount of 331.30 euros assigned to DAD in the Parallel Tender Offer (as defined in Section I of the Offer Document) for every 10 (ten) Dresdner Bank Shares tendered into the Allianz Tender Offer by a Dresdner Bank Shareholder, have not been and will not be registered under the United States Securities Act of 1933, as amended (the "US Securities Act"), nor under the laws of any state of the United States, and may not be offered, sold, resold or delivered, directly or indirectly, in or into the United States, except pursuant to an exemption from the registration requirements of the US Securities Act.

Shareholders of Dresdner Bank outside of the Federal Republic of Germany who wish to accept the Offers should first read Section IV. 16 of the Offer Document which contains important information for them.

Unappropriated earnings of 432,725,000 euros are at the disposal of the annual meeting of shareholders. We propose that this amount be appropriated as follows:

1. Distribution of a dividend of 1.50 euros per qualifying share, any amount payable on shares held by the company will be carried forward to a new account;
2. Allocation of 64,100,000 euros to other appropriated retained earnings.

The number of shares entitled to receive a dividend may be reduced up until the Annual General Meeting by Allianz's purchase of its own shares. If this is the case, the proposal for appropriation of profit will be amended such that for an unchanged distribution of a dividend of 1.50 euro per qualifying share the amount payable on shares no longer entitled to dividend payment is carried forward to a new account and the tax charge arising due to the lower corporate income tax credit is recorded separately.

Munich, May 7, 2001
Allianz Aktiengesellschaft

The Board of Management

Dr. Schulte-Noelle	Dr. Achleitner
Bremkamp	Diekmann
Dr. Faber	Dr. Hagemann
Hansmeyer	Dr. Perlet
Dr. Rupprecht	

CONTENTS

ASSETS

	Note	2000 € 000s	2000 € 000s	1999 € 000s
A. Intangible assets	1		89	821
B. Investment	1 - 4			
I. Real estate		369,277		345,526
II. Investments in affiliated and associated enterprises		28,015,205		22,268,051
III. Other investments		2,179,915		3,805,316
IV. Funds held by others under reinsurance business assumed		9,348,248		8,709,931
			39,912,645	35,128,824
C. Receivables				
I. Accounts receivable on reinsurance business		654,766		430,905
including € 000s 194,330 (124,713) from affiliated enterprises				
including € 000s 327,219 (234,320) from other enterprises in which long-term equity investments are held				
II. Other receivables		1,880,019		914,747
including € 000s 922,471 (841,722) from affiliated enterprises				
including € 000s 654 (303) from other enterprises in which long-term equity investments are held				
			2,534,785	1,345,652
D. Other assets				
I. Tangible fixed assets and inventories		1,087		217
II. Cash with banks, checks and cash on hand		60,781		63,102
III. Own shares		–		237
arithmetical value: € 000s – (2)				
IV. Miscellaneous assets	5	47,801		449
			109,669	64,005
E. Prepaid expenses	6			
I. Accrued interest and rents		25,367		55,631
II. Other prepaid expenses		194,164		99,943
			219,531	155,574
Total assets			42,776,719	36,694,876

EQUITY AND LIABILITIES

	Note	2000 € 000s	2000 € 000s	2000 € 000s	1999 € 000s
A. Shareholders' equity	7				
I. Capital stock			629,120		627,891
II. Additional paid-in capital			7,365,326		7,182,716
III. Appropriated retained earnings					
1. required by law		1,229			1,229
2. for own shares		–			237
3. other		2,954,143			2,473,556
			2,955,372		2,475,022
IV. Unappropriated retained earnings			432,725		354,437
				11,382,543	10,640,066
B. Participation certificates	8			449,519	449,519
C. Special untaxed reserve	9			207,566	251,349
D. Insurance reserves					
I. Unearned premiums					
1. Gross		909,801			825,901
2. less:					
amounts ceded		323,906			293,801
			585,895		532,100
II. Aggregate reserve					
1. Gross		8,832,110			8,303,183
2. less:					
amounts ceded		1,028,879			979,120
			7,803,231		7,324,063
III. Reserve for loss and loss adjustment expenses					
1. Gross		6,503,552			5,924,568
2. less:					
amounts ceded		2,683,303			2,506,071
			3,820,249		3,418,497
IV. Reserve for non-experience-rated premium refunds					
1. Gross		123,402			115,228
2. less:					
amounts ceded		54,914			49,773
			68,488		65,455
V. Claims equalization and similar reserves			604,530		607,500
VI. Other insurance reserves					
1. Gross		237,906			214,246
2. less:					
amounts ceded		23,343			23,951
			214,563		190,295
				13,096,956	12,137,910

	Note	2000 € 000s	2000 € 000s	2000 € 000s	1999 € 000s
E. Other accrued liabilities	10			2,764,910	2,657,519
F. Funds held under reinsurance business ceded				1,165,436	1,095,255
G. Other liabilities	11				
I. Accounts payable on reinsurance business			551,210		457,100
including € 000s 457,585 (405,468) to affiliated enterprises					
including € 000s 5,017 (6,026) to other enterprises in which long-term equity investments are held					
II. Liabilities to banks			0		–
III. Miscellaneous liabilities			13,158,562		9,006,141
including taxes of € 000s 1,956 (61,749)					
including € 000s 12,266,504 (8,616,523) due to affiliated enterprises					
including € 000s 115,512 (167,954) due to other enterprises in which long-term equity investments are held					
				13,709,772	9,463,241
H. Deferred income				17	17
Total equity and liabilities				42,776,719	36,694,876

	Note	2000 € 000s	2000 € 000s	2000 € 000s	1999 € 000s
I. Underwriting account					
1. Premiums earned - net					
a. Gross premiums written	12	6,039,543			5,180,240
b. Premiums ceded		– 2,082,035			– 1,897,722
			3,957,508		3,282,518
c. Change in unearned premiums - gross		– 77,405			– 26,059
d. Change in unearned premiums ceded		27,480			6,285
			– 49,925		–19,774
				3,907,583	3,262,744
2. Allocated interest return - net	13			511,499	481,778
3. Other underwriting income - net				17,607	19,717
4. Loss and loss adjustment expenses - net					
a. Claims paid:					
aa. Gross		– 4,166,124			– 3,689,277
bb. Amounts ceded in reinsurance		1,563,794			1,324,694
			– 2,602,330		– 2,364,583
b. Change in reserve for loss and loss adjustment expenses					
aa. Gross		– 516,322			– 327,656
bb. Amounts ceded in reinsurance		149,412			249,856
			– 366,910		– 77,800
				– 2,969,240	– 2,442,383
5. Change in other insurance reserves - net	14			– 347,157	– 343,553
6. Expenses for non-experience-rated premium refunds - net				– 36,888	– 28,568
7. Underwriting expenses - net	15			– 997,445	– 811,552
8. Other underwriting expenses - net				– 289,805	– 262,666
9. Subtotal				– 203,846	– 124,483
10. Change in claims equalization and similar reserves				2,970	1,895
11. Underwriting result - net				– 200,876	– 122,588

	Note	2000 € 000s	2000 € 000s	2000 € 000s	1999 € 000s
II. Non-underwriting account					
1. Investment income	16		3,023,181		2,766,825
2. Investment expenses	17 - 18		– 1,215,301		– 787,036
			1,807,880		1,979,789
3. Allocated interest return			– 577,499		– 538,259
				1,230,381	1,441,530
4. Other income	19		289,590		246,473
5. Other expenses	20		– 580,398		– 535,330
				– 290,808	– 288,857
6. Non-underwriting result				939,573	1,152,673
7. Earnings from ordinary activities before taxation				738,697	1,030,085
8. Income taxes	21	– 74,738			– 903,860
less amounts charged to other companies in the Group		203,253			584,602
			128,515		– 319,258
9. Other taxes		– 2,301			– 2,303
less amounts charged to other companies in the Group		314			313
			– 1,987		– 1,990
				126,528	– 321,248
10. Net income	22			865,225	708,837

LEGAL REGULATIONS

The financial statements and Management Report have been prepared in accordance with the regulations contained in the German Commercial Code (HGB), the Corporation Law (AktG), the Law on the supervision of insurance enterprises (VAG), and the Government Order on the external accounting requirements of insurance enterprises (RechVersV).

The above-mentioned regulations for the company as a reinsurance company not only address the special contents of the financial statements and Management Report but also the extended deadlines for their preparation. All amounts in the financial statements are stated in and rounded out to euro thousands (€ 000s). The rate of exchange is DM 1.95583 for 1 €.

ACCOUNTING, VALUATION AND CALCULATION METHODS

Requirement to restate original values, revaluations and special untaxed reserve

The requirement to restate original values was applied for the first time in fiscal year 1999. This requirement involves amounts being written up on assets, which have been written down to a lower market value in previous years, if a higher market value is attributed to them on the balance sheet date. Assets were written up either to the amount of the amortized cost or to a lower market value or stock-market value. They were reported as income. 25.0 percent of the special untaxed reserve formed in 1999 from revaluations on assets was released according to schedule during the year under review, provided that the release did not have to be undertaken through asset disposals in full or by the written-down value if assets had to be written down to the lower market value.

Real estate (i.e. real property and equivalent rights and buildings including buildings on leased land) is recorded at cost less accumulated depreciation. Depreciation has been calculated at the highest rates allowable for tax purposes using the straight-line or declining balance methods.

Investments in affiliated and associated enterprises and other long-term equity investments are recorded at cost and written down to fair market value in accordance with the German Commercial Code (§ 253(2) HGB).

Stocks, investment fund units, bearer bonds and other fixed and variable income securities and miscellaneous investments are valued at whichever is lower, the acquisition cost or fair market value on the balance sheet date in accordance with the German Commercial Code (§ 341b(2) in conjunction with § 253(1) and (3) HGB). An average cost has been established where securities of the same kind were purchased at different cost.

Tangible and intangible fixed assets and inventories, miscellaneous assets are recorded at cost less tax-allowable depreciation or amortization. Assets of low value are written off immediately in full.

Receivables have been recorded at face value less repayments. They consist of the following:

- Loans to affiliated enterprises,
- Debentures and loans,
- Bank deposits,
- Funds held by others under reinsurance business assumed,

- Accounts receivable on reinsurance business,
- Other receivables,
- Cash with banks, checks and cash on hand,
- Accrued interest and rents.

They were recorded at face value less any payments made.

Insurance reserves consist of the following:

- Unearned premiums,
- Aggregate policy reserve,
- Reserve for loss and loss adjustment expenses,
- Reserve for premium refunds (non-experience-rated),
- Other insurance reserves.

These reserves were set up according to information provided by the ceding insurers, estimated to a certain extent.

The reinsurers' shares were calculated in accordance with the reinsurance contracts.

The claims equalization reserve, the reserve for nuclear plants and the product liability reserve for major pharmaceutical risks were calculated for the net retention portion according to § 341h of the German Commercial Code in conjunction with § 29 and § 30 of the Government Order on the external accounting requirements of insurance enterprises.

Other accrued liabilities

The pension accruals are calculated actuarially based on the updated 1998 mortality tables of Prof. Dr. K. Heubeck. The full amount of the liability calculated in this way has been recorded in the financial statements. Miscellaneous accrued liabilities have been recorded as projected. The accrued liabilities for early retirement benefits, employee long-service awards and phased-in retirement have been calculated using actuarial principles.

Liabilities consist of:

- Participation certificates,
- Funds held under reinsurance business ceded,
- Accounts payable on reinsurance business,
- Other liabilities.

These liabilities are recorded at the amounts payable on maturity. Annuities are recorded at present value.

Deferred income

Premiums and discounts carried forward as prepaid expenses are spread over the remaining life of the related loans outstanding.

Foreign currency translation

Investments denominated in foreign currencies are stated at an amount based on the local currency and the exchange rate on the balance sheet date. The modified or strict lower of either cost or market principles is used. The other balance sheet items are valued in accordance with established principles for currency translation for open and – where applicable – closed positions.

1 Changes under asset headings A., B.I. through B.III in fiscal 2000

	Values stated 12/31/1999		Additions
	€ 000s	%	€ 000s
A. Intangible assets			
Other intangible assets	821		–
B.I. Real estate	345,526	1.3	70,931
B.II. Investments in affiliated and associated enterprises			
1. Investments in affiliated enterprises	21,456,199	81.2	4,781,521
2. Loans to affiliated enterprises	678,138	2.6	2,084,664
3. Investments in other enterprises	133,714	0.5	241,441
4. Loans to other enterprises in which long-term equity investments are held	–	–	456
Subtotal B.II.	22,268,051	84.3	7,108,082
B.III. Other investments			
1. Stocks, investment fund units and other variable income securities	1,207,319	4.6	444,015
2. Bearer bonds and other fixed income securities	2,353,093	8.9	1,012,142
3. Other loans			
Debentures and loans	12,000	0.0	–
4. Bank deposits	232,899	0.9	–
5. Miscellaneous investments	5	0.0	–
Subtotal B.III.	3,805,316	14.4	1,456,157
Subtotal B.I - B.III.	26,418,893	100.0	8,635,170
Total	26,419,714		8,635,170

2 Market value of investments

The market value of real estate holdings, dividend-bearing stocks (investments in affiliated and associated enterprises, other shares and investment fund units) and bearer bonds as of December 31, 2000 amounted to € 73.0 billion. The corresponding balance sheet valuation of these investments was € 28.1 billion.

The values are broken down as follows between individual asset categories:

	Book value 12/31/2000 € in billions	Market value 12/31/2000 € in billions	Valuation reserve 12/31/2000 € in billions
Real estate	0.4	1.0	0.6
Dividend-bearing stocks	26.8	71.1	44.3
Bearer bonds	0.9	0.9	0.0
Total	28.1	73.0	44.9

Transfers	Disposals	Revaluation	Depreciation	Net-Additions (+) Disposals (–)	Values stated 12/31/2000	
€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s	%
–	–	–	732	– 732	89	
–	10,084	–	37,096	+ 23,751	369,277	1.2
19,151	751,267	–	250,000	+ 3,799,405	25,255,604	82.7
–	262,121	–	51,425	+ 1,771,118	2,449,256	8.0
– 19,151	45,652	–	7	+ 176,631	310,345	1.0
–	456	–	–	–	–	–
–	1,059,496		301,432	+ 5,747,154	28,015,205	91.7
–	420,462	1,869	–	+ 25,422	1,232,741	4.0
–	2,442,997	2,136	6,139	– 1,434,858	918,235	3.0
–	–	–	–	–	12,000	0.0
–	215,965	–	–	– 215,965	16,934	0.1
–	–	–	–	–	5	0.0
–	3,079,424	4,005	6,139	– 1,625,401	2,179,915	7.1
–	4,149,004	4,005	344,667	+ 4,145,504	30,564,397	100.0
–	4,149,004	4,005	345,399	+ 4,144,772	30,564,486	

The following valuation methods have been used to arrive at market value:

Real estate
Land and buildings as a rule at capitalized earnings value, new buildings at cost, in each case as at December 31, 2000.

Dividend-bearing stocks
Quoted companies at the stock exchange price quoted on the last trading day of 2000. Non-quoted companies at their net worth calculated by the DVFA method or at acquisition cost.

Bearer bonds and other fixed income securities
At the stock exchange value quoted on the last trading day of 2000.

3 Miscellaneous investments (Assets B.III.5.)

These consist entirely of holdings in private limited liability companies.

4 Disclosure of equity investments

The information required by the German Commercial Code (§ 285 no. 11 HGB) is filed with the Commercial Register at the Municipal Court in Munich.

5 Other assets (Assets D.IV.)

This heading consists primarily of options on own shares that are used to hedge risks of the Allianz Group under the Long-term Incentive Plan.

6 Other prepaid expenses (Assets E.II.)

This heading includes € 000s 23,105 (27,083) in respect of repayment premiums on loans to affiliated enterprises and € 000s 167,467 (72,542) in respect of debt discount on miscellaneous liabilities.

Collateral

Assets included in the balance sheet totaling € 000s 119,670 (966,037) are subject to restricted usage through collateral.

7 Shareholder's Equity (Liabilities A.I.)

In September 2000, 480,000 shares with a notional principal amount of € 1,228,800.00 (0.2 percent) as a proportion of the **issued capital** were issued at a price of € 383.00 each, enabling employees of Allianz Group enterprises in Germany and abroad to take up 193,476 employee shares at prices between € 268.10 and € 325.55. The remaining 286,524 shares with a notional principal amount of € 733,501.44 as a proportion of the issued capital were sold on the stock exchange at an average price of € 378.41. The company held no shares of its own at the end of fiscal 2000.

The issued capital as of December 31, 2000, amounted to € 629,120,000.00, divided into 245,750,000 registered shares. The shares have no par value as such but have a mathematical value of € 2.56 each as a proportion of the issued capital.

Performance of issued shares:

	Number
As of 1/1/2000	245,269,055
Additions	480,945
Disposals	–
As of 12/31/2000	245,750,000

At the end of the year under review there was **authorized unissued capital** with a notional principal amount of € 200,000,000. (78,125,000 shares), which can be issued at any time up to 11 July, 2005. The pre-emptive rights of shareholders to use fractions can be excluded. There was a further € 30,677,512.87 (11,983,403 shares) of authorized unissued capital II which can be utilized up to July 7, 2003. The pre-emptive rights of shareholders can be excluded in order to issue the new shares at a price not materially below the quoted market value. Authorized unissued capital III can be used at any time up to July 7, 2003 to issue shares with a notional principle amount of € 51,129,188.12 (19,972,339 shares) for a non-cash consideration. The pre-emptive rights of shareholders are excluded. Authorized unissued capital IV of € 1,240,721.77 (484,657 shares) is available for issue at any time up to July 10, 2002, which can be used – with the pre-emptive rights of existing shareholders excluded – to issue shares to employees of Allianz AG or of other companies in the Group. Authorized unissued capital V of € 2,556,459.41 (998,617 shares) is available for issue up to July 7, 2003 and can be used to protect the holders of conversion or subscription rights from dilution in the event of future capital increases for cash by granting them a pre-emptive right to subscribe for new shares. To that extent the pre-emptive rights of shareholders are excluded.

The company had **conditionally authorized capital** amounting to € 10,240,000 (4,000,000 shares) on which subscription or conversion rights, with pre-emptive rights for shares, can be issued up to June 30, 2003.

Allianz Aktiengesellschaft and Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft each have cross-holdings totaling just below 25 percent.

Additional paid-in capital (Liabilities A.II.)

	€ 000s
12/31/1999	7,182,716
+ Transfer from capital increases 2000	182,610
12/31/2000	7,365,326

Appropriated retained earnings (Liabilities A.III.)

	12/31/1999	From unappropriated retained earnings 1999	From 2000 net income	Release for own interests	12/31/2000
	€ 000s	€ 000s	€ 000s	€ 000s	€ 000s
1. Required by law	1,229	–	–	–	1,229
2. For own shares	237	–	–	– 237	–
3. Other	2,473,556	47,850	432,500	237	2,954,143
Total	2,475,022	47,850	432,500	–	2,955,372

8 Participation certificates (Liabilities B.)

The heading participation certificates shows the guaranteed total redemption price that Allianz AG has to pay if the holders of the certificates give notice on the total number of certificates issued amounting to 5,723,512. The portions of profit for the year under review that are attributable to participation certificates are reported under other liabilities.

Allianz AG issued a total of 5,559,983 participation certificates in the period from October 1986 to 1995. The last issue was made in March 1998 when a further 163,529 participation certificates were issued. There were no further issues of participation certificates in the years 1999 and 2000.

The terms and conditions for participation certificates provide for an annual distribution amounting to 240.0% of the dividend paid by the company in respect of one Allianz no-par-value share. In addition, under certain conditions, certificate holders are granted the right to subscribe to new participation certificates; the pre-emptive rights of shareholders are excluded. Participation certificates do not confer any voting rights, any rights to conversion into Allianz shares or any rights to liquidation proceeds to their holders. They are unsecured and of equal rank to other receivables of unsecured creditors.

Participation certificates are redeemable at the option of their holders every five years, and for the first time as of December 31, 2001, by giving 12 months' notice. This right of redemption was exercised for 358 participation certificates. For this eventuality, the conditions guarantee a redemption price equal to the weighted average of the issue price of all the previous issues of participation certificates. The current redemption price per certificate is based on the last issue date of March 1998 and is equal to € 78.54.

The participation certificates are redeemable at the company's option as of the end of 2006 and notice of redemption may be served annually by giving a period of 6 months notice. In that case each participation certificate is redeemable at a redemption price equal to 122.9% of the price of the Allianz share. Alternatively the company can offer to exchange 8 participation certificates for 10 Allianz shares. Allianz AG has consistently stated at Annual General Meetings that the company is not under any legal obligation in relation to notice and does not intend to serve notice on the participation certificates and redeem them in cash or by converting them into shares. There are currently no considerations being given to any change in this position. A lawsuit relating to participation certificates has been pending against Allianz AG in the Munich Landgericht (regional court) since October 31, 2000. The primary aim of the claimant relates to compensation linked to the share value for his participation certificates. The Board of Management assesses the chances of the company's achieving success to be significantly higher than the chances of the claimant. No reserve has been created to cover the risk of the lawsuit.

9 Special untaxed reserve (Liabilities C.)

	12/31/1999	Allocated/ Transferred	Released	12/31/2000
	€ 000s	€ 000s	€ 000s	€ 000s
Reserve according to § 6 b EStG	134,614	29,675	29,989	134,300
Reserve according to § 52 Abs. 16 EStG	116,735	190	43,659	73,266
Total	251,349	29,865	73,648	207,566

10 Other accrued liabilities (Passiva E.)

The pension obligations of the companies in Allianz Sachversicherungsgruppe Deutschland (Allianz's Property and Casualty Insurance Group in Germany) Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG, Vereinte Lebensversicherung AG, Vereinte Versicherung AG and Vereinte Rechtsschutz-Versicherung AG are accrued in the financial statements of Allianz AG because the company has assumed joint liability for the pension obligations and undertaken to fulfil them. In addition to **pension and similar reserves** of € 000s 2,555,997 (2,378,642) and **accrued taxes** of € 000s 146,719 (198,342), the company has **miscellaneous accrued liabilities** of € 000s 62,194 (80,535), including € 000s 9,423 for costs of the early retirement scheme and employee long-service awards, which are shared throughout the Group, and € 000s 4,938 for contingencies.

11 Long-term and secured liabilities

Miscellaneous liabilities amounting to € 000s 2,275,971 have a period to maturity of more than 5 years. € 000s 2,238 of the miscellaneous liabilities are secured by mortgages, annuity charges and ship mortgages.

12 Gross premiums written (Income Statement I.1.a)

	2000 € 000s	1999 € 000s
Property and casualty insurance	5,071,193	4,355,834
Life insurance	968,350	824,406
Total	6,039,543	5,180,240

13 Allocated interest return – net (Income Statement I.1.2.)

The amount of investment income transferred under this heading from the non-underwriting section to the underwriting section of the income statement is calculated in accordance with § 38 RechVersV (the Government Order on the external accounting requirements of insurance enterprises).

14 Change in other insurance reserves – net (Income Statement I.1.5.)

This heading comprises € 000s 323,263 (330,255) added to the net aggregate reserve and € 000s 23,894 (13,298) added to miscellaneous net insurance reserves.

15 Underwriting expenses – net (Income Statement I.1.7.)

Gross underwriting expenses of € 000s 1,582,513 (1,326,800) are shown net of commissions and profit-sharing on reinsurance ceded amounting to € 000s 585,068 (515,248).

16 Investment income (Income Statement II.1.)

	2000 € 000s	2000 € 000s	1999 € 000s
a. Income from long-term equity investments including from affiliated enterprises: € 000s 661,493 (313,847)		684,476	329,470
b. Income from other investments including from affiliated enterprises: € 000s 565,972 (430,613)			
aa. Income from real estate	57,894		57,323
bb. Income from other investments	968,701		1,042,851
		1,026,595	1,100,174
c. Income from revaluations		4,005	146,094
d. Realized investment gains		931,208	945,828
e. Income from profit pooling and profit transfer agreements		303,249	236,245
f. Income from the release of special untaxed reserve		73,648	9,014
Total		3,023,181	2,766,825

17 Investment expenses (Income Statement II.2.)

	2000 € 000s	1999 € 000s
a. Investment management, interest charges and other investment expenses	744,931	465,296
b. Depreciation and write-downs on investments	344,667	160,471
c. Realized investment losses	96,028	27,562
d. Allocation to special untaxed reserve	29,675	133,707
Total	1,215,301	787,036

18 Depreciation and write-downs on investments

Write-downs under this heading include an extraordinary charge of € 000s 250,000 in accordance with the German Commercial Code (§ 253 (2), sentence 3, HGB). Real estate has been written down by € 000s 29,989 in accordance with German income tax law (§ 6b EStG).

19 Other income (Income Statement II.4.)

The most important items under this heading are € 000s 241,003 refunded by domestic Group companies in respect of pension costs for their employees accrued in the financial statements of Allianz AG, and foreign currency gains of € 000s 12,430.

20 Other expenses (Income Statement II.5.)

This heading comprises mainly pension costs for the employees of domestic Group companies € 000s 241,003, interest and similar expenses € 000s 164,302, amounts added to non-underwriting reserves € 000s 41,640 and foreign currency losses € 000s 17,689.

21 Taxes (Income Statement II.8. and II.9.)

The company has elected not to carry forward any deferred tax on the assets side of the balance sheet, as allowed under the German Commercial Code (§ 274(2) HGB). For calculating deferred taxation the company has netted future tax benefits against future tax liabilities.

Since the company files a consolidated tax return with most of its German subsidiaries, Allianz AG is liable for a material portion of the taxes attributable to the Sachversicherungsgruppe Deutschland (Property and Casualty Insurance Group in Germany).

22 Net income (Income Statement II.10.)

	2000 € 000s	1999 € 000s
Net income	865,225	708,837
Transfer to appropriated retained earnings:		
Other appropriated retained earnings	432,500	354,400
Unappropriated retained earnings	432,725	354,437

Contingent liabilities and other financial commitments

As of December 31, 2000, the company had contingent liabilities under guarantees amounting to € 000s 7,561, matched by rights of relief for the same amount.

Guarantee declarations have been given for

- the bonds issued in 1996 for € 767 million by Allianz Finance B.V., Amsterdam,
- the bonds issued in 1997 and increased in 2000 for € 1.1 billion by Allianz Finance B.V., Amsterdam,
- the debenture bonds issued in 1998 for € 1.632 billion nominal by Allianz Finance B.V., Amsterdam,
- the bonds issued in 1998 for DM 2 billion by Allianz Finance B.V., Amsterdam, exchangeable into shares of Deutsche Bank AG,
- the bonds issued in 1999 by Allianz Finance B.V., Amsterdam for CHF 1 billion and a swap deal in which the bonds payable are exchanged for an equivalent euro commitment,
- the bonds issued in 2000 by Allianz Finance B.V., Amsterdam, for € 1.7 billion exchangeable into shares of Siemens AG.
- the index-linked exchangeable bonds amounting to € 2 billion issued by Allianz B.V., Amsterdam in 2001. The performance of their price is linked to the performance of the German DAX share index.

A guarantee declaration has also been given for Allianz of America Inc., Wilmington, in respect of commitments relating to the acquisition of PIMCO Advisors L.P. Allianz acquired a holding of 69.5 percent in PIMCO and the minority shareholders have the option of selling their 30.5 percent holding to Allianz.

A guarantee declaration has also been given for a deferred annuity agreement signed by Allianz-RAS Seguros y Reaseguros S.A., Madrid.

Allianz AG has also provided several foreign subsidiaries and associates with either a standard indemnity guarantee or such guarantee as is required by the supervisory authorities, which cannot be quantified in figures.

Under the terms of management control agreements with the companies in Allianz's Property and Casualty Insurance Group in Germany (Sachversicherungsgruppe Deutschland) and with Allianz Lebensversicherungs-AG, the company has statutory obligations to take over any losses made by those companies.

In December 1997, Allianz AG made a friendly takeover offer for Assurances Générales de France (AGF). At that time Allianz AG was offered 78.7 percent of the fully diluted capital stock. Allianz AG acquired a 51.0 percent majority direct and issued contingent value rights (CVRs) for 27.7 percent. Approximately 20 million CVRs remained in issue and these fell due on June 15, 2000. The reference price for the AGF share was set officially at € 51.24 on the Paris stock exchange on June 1, and on this basis Allianz paid a total of approximately € 13 million to rights holders when the CVRs matured. This extinguished any further obligation to make payment arising from the CVRs.

At the same time employee shareholders of AGF were offered the option of selling their shares at a price of FF 320 each at any time up to September 20, 2001. This was because they were not able to accept Allianz AG's takeover offer owing to the restrictions placed on their shares for certain periods of time. Allianz AG purchased 137 AGF shares sold as a result of employee shareholders exercising this option during the year under review. The outstanding total commitment in connection with employee shares was € 203 million on December 31, 2000. The shares held as a percentage of capital stock on December 31, 2000 amounted to 59.3 percent.

There are further potential financial commitments in connection with the promise of compensation to holders of rights under stock-option-programs of AGF.

The acquisition of Nicholas Applegate included an agreement for contingent earn-out payments falling due in 2005. The amount of these payments will depend on the performance of income growth:

- The maximum earn-out payment will be US$ 1.09 billion if average income rises by at least 25 percent over the next five years. There will also be incentive and retention payments totaling US$ 150 million.
- Earn-out payments will be incremental if average income increases between 10 and 25 percent.
- No earn-out payments will be made if average income increases by less than 10 percent.

Obligations arise from financial contracts for the purchase of securities for a notional principal amount of € 371.5 million, which entail equivalent rights to transfer these securities.

Potential liabilities amounting to € 388.6 million were outstanding at the balance sheet date for calls on equity stocks not fully paid up. Contractual payment commitments totaling € 55.6 million had been given in connection with investment projects already started and advertising campaigns. The other financial commitments outlined above include € 388.6 million towards affiliated enterprises.

Effects of adjustments for tax purposes

After taking into account special tax-allowable depreciation charges, amounts transferred to special untaxed reserves under § 6b and § 52 (16) EStG (German income tax law), the overall effect on net income for the year was no more than marginal. The future effects on earnings of valuation adjustments made for tax purposes will be spread over several years and will not be material for any one year.

Long-term Incentive Plan

The Long-term Incentive Plans (LIP) were set up in 1999 for senior management, in order to reward the contribution by this level of management towards increasing corporate value and to promote the long-term success of the company.

These plans entailed that Stock Appreciation Rights (SAR) were allocated to each manager on April 1. Restrictions are applicable for a period of two years and the rights lapse at the end of seven years.

After the period of restrictions has come to an end, SAR may only be exercised if

- during the period over which rights can be exercised, the price of shares in Allianz AG has outperformed the Dow Jones Europe Stoxx Price Index (600) at least once during a period of five consecutive stock exchange days and
- the price of Allianz shares outperforms the reference price by at least 20.0 percent at the time when the rights are exercised.

The reference price is € 367.0 (1999: € 292.0) for the SAR issued during the year under review. The conditions of the SAR Plan oblige the Group companies to pay the difference between the quoted price of Allianz shares on the day the rights are exercised and the reference price in cash.

The two-year period of restrictions had not yet expired on December 31, 2000, for the Long-term Incentive Plans covering the years 2000 and 1999.

A reserve amounting to € 2.9 million was formed and it is reported under the heading other reserves. The level of the reserve is determined from the intrinsic value of the option rights. The intrinsic value corresponds to the difference between the current share price on the balance sheet date and the exercise price of the option. Purchase options were concluded to hedge future obligations.

Members of the Board of Management of Allianz AG had 46,664 SAR (26,774) on December 31, 2000. The value of these rights based on standard option valuation methods was € 8.0 (3.7) million on the balance sheet date.

Personnel expenses

Allianz AG has no employees. Provided that the Annual Meeting of shareholders approves payment of the dividend proposed, the total remuneration of members of the Board of Management will amount to € 000s 7,126 (5,034), that of former members of the Board and their beneficiaries € 000s 2,741 (2,644).

Pension costs for the year amounted to € 000s 2,615 (4,651). The amount set aside for current and future pension benefits of former members of the Board of Management and their beneficiaries is € 000s 22,403 (19,560).

Including fees becoming payable after the 2001 Annual General Meeting, the total remuneration for members of the Supervisory Board was € 000s 1,573 (1,303).

The names of all members of the Supervisory Board and of the Board of Management are listed on pages 6 and 7, and information regarding their membership in other supervisory and comparable management bodies is shown on pages 42 to 45.

Munich, April 5, 2001
Allianz Aktiengesellschaft

The Board of Management

Dr. Schulte-Noelle	Dr. Achleitner
Bremkamp	Diekmann
Dr. Faber	Dr. Hagemann
Hansmeyer	Dr. Perlet
Dr. Rupprecht	

We have audited the Annual Financial Statements, including the accounting records and Management Report, of Allianz AG for the fiscal year from January 1 to December 31, 2000. The Board of Management 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 and the supplementary provisions laid down in the company's statutes. It is our responsibility to form an independent opinion, based on the audit carried out by us, 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 § 317 HGB (German Commercial Code) and with the generally accepted German auditing standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Independent Auditors). Those standards require that we plan and perform our audit so as to obtain all the information and explanations necessary in order to provide us with sufficient evidence to give reasonable assurance that misstatements and irregularities materially affecting the presentation of the net worth, financial position and the results presented in the Annual Financial Statements in accordance with generally accepted accounting principles and in the Management Report are identified. Knowledge of the business activities and the economic and legal environment of the company and expectations of possible errors are taken into account in the determination 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 significant estimates and judgements made by the Board of Management of the company, and whether the accounting policies are appropriate to the Group's circumstances. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Annual Financial Statements and Management Report. We believe that the audit we have conducted provides an adequate basis for the formation of our opinion.

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

In our opinion, the Annual Financial Statements present a true and fair view of the net worth, financial position and results of the company, in compliance with German principles of proper accounting. The Management Report gives a true and fair view of the state of affairs of the company and of the presentation of the risks of future development.

Munich, April 18, 2001

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Gerd Geib	Dr. Frank Ellenbürger
Independent Auditor	Independent Auditor

MEMBERSHIP OF SUPERVISORY BOARD MEMBERS IN OTHER CORPORATE MANAGEMENT BODIES

(As of December 31, 2000)

Dr. Klaus Liesen

Membership in other statutory supervisory boards in Germany

Deutsche Bank AG
E.ON AG (Chairman)
Preussag AG
Ruhrgas AG (Chairman)
Volkswagen AG (Chairman)

Membership in comparable management bodies

Beck GmbH & Co. KG

Karl Miller

Dr. Alfons Titzrath

Membership in other statutory supervisory boards in Germany

Celanese AG
Deutsche Lufthansa AG
since January 3, 2001
Dresdner Bank AG (Chairman)
Münchener Rückversicherungs-Gesellschaft AG
RWE AG
VAW aluminium AG

Dr. Karl-Hermann Baumann

Membership in other statutory supervisory boards in Germany

Deutsche Bank AG
E.ON AG
Linde AG
mg technologies ag
Schering AG
Siemens AG (Chairman)
Thyssen Krupp AG
Wilhelm von Finck AG

Norbert Blix

Membership in other statutory supervisory boards in Germany

Allianz Versorgungskasse VVaG

Dr. Diethart Breipohl

since March 10, 2000

Membership in other statutory supervisory boards in Germany

Bayerische Hypo- und Vereinsbank AG
Beiersdorf AG
Continental AG
Karstadt Quelle AG
KM Europa Metal AG
mg technologies ag

Membership in comparable management bodies

Assurances Générales de France
Banco Popular Español
BPI Banco Português de Investimento
Crédit Lyonnais

Klaus Carlin

Membership in other statutory supervisory boards in Germany

Dresdner Bank AG
until May 11, 2001

Bertrand Collomb

Membership in comparable management bodies

ATCO
Total Fina Elf

Membership in Group bodies

Lafarge (Chairman and CEO)
Lafarge Corporation (Chairman)

Jürgen Dormann

Membership in comparable management bodies

ABB Ltd.
IBM Corporation

Professor Dr. Rudolf Hickel

Membership in other statutory supervisory boards in Germany

GEWOBA AG Wohnen und Bauen in Bremen
Sächsische Edelstahlwerke GmbH
Salzgitter AG Stahl und Technologie

Reiner Lembke

Membership in other statutory supervisory boards in Germany

Allianz Versicherungs-AG

Frank Ley

Alfred Mackert
until January 31, 2000

Membership in other statutory supervisory boards in Germany
Vereinte Krankenversicherung AG (Deputy Chairman)

Bernd Pischetsrieder
until February 29, 2000

Membership in other statutory supervisory boards in Germany
Dresdner Bank AG

METRO AG

VIAG AG

Membership in comparable management bodies
Tetra Laval Group

Reinhold Pohl

Gerhard Renner

Membership in other statutory supervisory boards in Germany
Deutsche Bank AG

Deutsche Bank 24 AG

Roswitha Schiemann

Dr. Albrecht Schmidt

Membership in other statutory supervisory boards in Germany
Münchener Rückversicherungs-Gesellschaft AG

Siemens AG

Membership in Group bodies
Bank Austria AG (Chairman)
since January 1, 2001

Bayerische Handelsbank AG (Chairman)

Nürnberger Hypothekenbank AG (Chairman)

Süddeutsche Bodencreditbank AG (Chairman)

Vereins- und Westbank AG (Chairman)

Dr. Manfred Schneider

Membership in other statutory supervisory boards in Germany
DaimlerChrysler AG

METRO AG

RWE AG

Dr. Hermann Scholl

Membership in other statutory supervisory boards in Germany
BASF AG

Deutsche Bank AG

Membership in comparable management bodies

Membership in Group bodies
Robert Bosch Corporation

Robert Bosch Internationale Beteiligungen AG

Jürgen E. Schrempp

Membership in other statutory supervisory boards in Germany
Bayerische Hypo- und Vereinsbank AG

Membership in Group bodies
DaimlerChrysler Services AG (Chairman)

Membership in comparable management bodies
New York Stock Exchange (NYSE)

South African Coal, Oil and Gas Corporation (Sasol) Ltd.

Vodafone Group Plc.

Membership in Group bodies
DaimlerChrysler South Africa (Pty) Ltd., S. A. (Chairman)

Freightliner Corporation (Chairman)

Jörg Thau
since February 1, 2000

Membership in other statutory supervisory boards in Germany
Vereinte Versicherung AG (Deputy Chairman)
until December 31, 2000

MEMBERSHIP OF BOARD OF MANAGEMENT MEMBERS IN OTHER CORPORATE MANAGEMENT BODIES

(As of December 31, 2000)

Dr. Henning Schulte-Noelle

Membership in other statutory supervisory boards in Germany

BASF AG

Dresdner Bank AG

E.ON AG

Linde AG (Deputy Chairman)

Münchener Rückversicherungs-Gesellschaft AG (Deputy Chairman)

Siemens AG

Thyssen Krupp AG

Membership in Group bodies

Allianz Lebensversicherungs-AG (Chairman)

Allianz Versicherungs-AG (Chairman)

Membership in comparable* management bodies

Vodafone Group Plc

Membership in Group bodies

Assurances Générales de France (Vice president)

ELVIA Versicherungen (Vice president)

Fireman's Fund Insurance Co.
until April 25, 2001

Riunione Adriatica di Sicurtà S. p. A. (Vice president)

Dr. Paul Achleitner

Membership in other statutory supervisory boards in Germany

ConSors Discount-Broker AG (Deputy Chairman)

MAN AG

RWE AG

Membership in comparable* management bodies

ÖIAG

Detlev Bremkamp

Membership in other statutory supervisory boards in Germany

Asea Brown Boveri AG (Germany)

Hochtief AG

Membership in comparable* management bodies

Dresdner ABD Securities Ltd.

Membership in Group bodies

Allianz Compañía de Seguros y Reaseguros S. A. (Chairman)

Allianz Elementar Versicherungs-AG (Deputy Chairman)

Allianz Irish Life

Allianz Portugal S. A., Companhia de Seguros

Assurances Générales de France

Berner Allgemeine Versicherungs-Gesellschaft

Cornhill Insurance PLC

Elmonda Assistance (Chairman)

ELVIA Schweizerische Versicherungs-Gesellschaft

Riunione Adriatica di Sicurtà S. p. A.

Royal Nederland Verzekeringsgroep

Michael Diekmann

Membership in comparable* management bodies

Navakij Insurance PCL
until March 14, 2001

Membership in Group bodies

Allianz Australia Ltd.

Allianz First Life

Hungária Biztosító Rt.

T.U. Allianz Polska S. A. (Life)

T.U. Allianz Polska S. A. (Property)

Dr. Joachim Faber

Membership in other statutory supervisory boards in Germany

Berlinwasser Holding AG

Infineon Technologies AG

Membership in Group bodies

Allianz Bauspar AG (Chairman)

Allianz Vermögens-Bank AG (Chairman)

Membership in comparable * management bodies

Società Metallurgica Italiana S. p. A.

Membership in Group bodies

Lloyd Adriatico S. p. A.

RASbank S. p. A.

* We regard foreign memberships as "comparable" if the foreign company is listed on the stock exchange or has more than 500 employees.

Dr. Reiner Hagemann

Membership in other statutory supervisory boards in Germany

E.ON Energie AG

Lahmeyer AG
until December 31, 2000

Schering AG

Steag AG

TELA Versicherung AG (Deputy Chairman)
until May 31, 2001

Thyssen Krupp Steel AG

Membership in Group bodies

Allianz Elementar Versicherungs-AG
since May 29, 2001

Bayerische Versicherungsbank AG (Chairman)

Frankfurter Versicherungs-AG (Chairman)

Hermes Kreditversicherungs-AG (Chairman)

Vereinte Holding AG (Chairman)

Vereinte Krankenversicherung AG (Chairman)
since May 15, 2001

Vereinte Versicherung AG (Chairman)

Membership in comparable* management bodies

Membership in Group bodies

EULER

Herbert Hansmeyer

Membership in other statutory supervisory boards in Germany

Dresdner Bank Lateinamerika AG

IKB Deutsche Industriebank AG

Karlsruher Lebensversicherung AG (Deputy Chairman)

Karlsruher Versicherung AG (Deputy Chairman)

VEBA OEL AG

Membership in comparable* management bodies

Membership in Group bodies

Allianz Insurance Company of Canada

Allianz Life Insurance Company of North America

Fireman's Fund Insurance Co.

Dr. Helmut Perlet

Membership in other statutory supervisory boards in Germany

Membership in Group bodies

Vereinte Versicherung AG

Membership in comparable* management bodies

Membership in Group bodies

Allianz Australia Ltd.

Fireman's Fund Insurance Co.
since April 25, 2001

Lloyd Adriatico S. p. A.

Riunione Adriatica di Sicurtà S. p. A.
since April 27, 2001

Dr. Gerhard Rupprecht

Membership in other statutory supervisory boards in Germany

Deutsche Hypothekenbank Frankfurt-Hamburg AG

Heidelberger Druckmaschinen AG

Quelle AG

Thyssen Krupp Automotive AG

Membership in Group bodies

Vereinte Holding AG (Deputy Chairman)

Vereinte Krankenversicherung AG (Chairman)
until May 15, 2001

Vereinte Lebensversicherung AG (Chairman)

Membership in comparable* management bodies

Membership in Group bodies

Allianz Elementar Versicherungs-AG

Allianz First Life Insurance Co. Ltd.

Allianz Life Insurance Company of North America

* We regard foreign memberships as "comparable" if the foreign company is listed on the stock exchange or has more than 500 employees.

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Photography: Stock market, Tony Stone (title)

Tables and charts: Allianz

Printed on chlorine-free bleached paper

UKGBE0020Z0 (0/04) 6.01