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**Speech for the Financial Press Conference**

On February 21, 2008 in Munich

*The spoken word prevails.*

Good Morning Ladies and Gentlemen,

I would like to welcome you to our Financial Press Conference for the business year 2007.

As you know from the advance publication a month ago that in 2007 we have achieved the highest revenues, the highest operating profit and the best net income in our history. And all this was done in an increasingly challenging environment, in a year with a higher incidence of moderately large natural disaster and a year when capital markets were more than difficult in the second half.

If net income is an indicator of success, Allianz is the most successful German company for the second year running. We are proud of this achievement.

This success reflects how we have continued to improve operating efficiency and generate profitable growth in 2007 despite the adverse economic environment.

Therefore, at the upcoming AGM, we will suggest to raise the dividend from 3.80 to 5.50 euros per share, which is an increase of approximately 45 percent. This step underlines that we believe in the sustainability of our results. It should also reimburse our shareholders for the unsatisfactory share price development in 2007. But – I would like to mention once more – that the Allianz share price has performed significantly better than the Euro Stoxx Insurance Index.

Mr. Perlet will first outline the factors that have contributed to this success and present the key figures for 2007.

Mr. Achleitner will then give you an overview of the most important financial transactions.

Following their presentations, I will then outline Allianz's present position after five years of intensive work. I will also give you a forecast for 2008 and beyond.

*Over to Dr. Perlet*

*Continuation following Dr. Achleitner*

Ladies and Gentlemen,

Let us briefly review the past five years. This period best reflects how Allianz was able to succeed so well in 2007, despite adverse market conditions.

Five years ago – in the wake of the attacks on the World Trade Center and the collapse of the equity markets – the Board of Management adopted a program of measures that was intended to give Allianz enhanced protection against fluctuations in results. Let us recall:

1. The core business including the Allianz brand was to be strengthened. The profitability of the business segments is the sole factor governing the decision on where we invest our capital for growth. At the same time, the intention was to provide counterweight to the high level of dependence on the property and casualty results in Germany.
2. Operating discipline is our trump card. Strong units were to be reinforced, weak units taken back to profitability and operations improved: The dependence on extraordinary capital gains was to be reduced.

3. We also aimed to achieve a capital base that would secure a good rating for us and provide adequate protection against emergency capital measures.

What have we achieved since 2003?

*Chart 1: Taking Stock: Operating discipline maintained*

- In 2002, Allianz recorded a loss of more than 3 billion euros. Then, between 2003 and 2007, net income rose by an average of 31 percent. This means that we increased the net result by more than 11 billion euros to 8 billions euros today.
- The operating profit has increased from 4 to almost 11 billion euros since 2003. This corresponds to an average improvement of 28 percent year on year.
- The dividend has been increased continuously, from 1.50 euros per share in 2002 to a prospective 5.50 euros per share. This is an increase of 267 percent.
- The return on the risk-adjusted capital was improved almost sevenfold from 3.1 to 21.4 percent.

In addition, we have made significant progress in strengthening our brand. At the end of 2008, more than 80 percent of our units will operate under the name Allianz. Hence, as we announced in the past, our core brand has now become the main brand.

We were also able to increase the number of our customers worldwide, from 60 million to a solid 80 million. Last year alone we gained five million new customers.

*Chart 2: Taking Stock: Capital base strengthened*

We have significantly strengthened our capitalization. Since 2002 our equity capital has grown by 128 percent to 47.8 billion. We have reduced our equity gearing by almost 200 percentage points to 62 percent. This has enabled us to better protect our capital against price volatility than in the past. And our rating from Standard & Poor's improved from AA- to AA just over six months ago.

At this point, I ought to say that what looks like a continuous development retrospectively was and still is in fact characterized by a number of setbacks in the individual Group companies.

However, and the past five years have demonstrated this: our business is structured for the long-term and what matters most in terms of substance is sustainable performance. The past few months in particular serve as a reminder that short-term trading results should not be confused with long term business success, and accounting evaluations should not be confused with actual cash flow.

*Chart 3: Good diversification of Allianz Group stabilizes earnings*

Only a diversified and considerably large portfolio, in terms of geographical spread and business segments, can facilitate a balanced, positive performance over the long term. And we should not be misled by the results of individual quarters. Which is why we see as a major success, the reduction of our previous dependence on the property and casualty business, without weakening our position in the business. In the meantime, earnings performance generated in Germany is well balanced relative to earnings contributions from various regions.

We also launched a big initiative to simplify Group structures in 2003 in order to deploy the strength of the Group more effectively.

*Chart 4: Taking Stock: Complexity reduced*

And we made good progress on this front:

1. In Italy, France, Russia and Taiwan, we took over minority shareholdings. This made for leaner structures and shorter lines of communication as well as significantly simplified internal management of the Group.
2. We converted Allianz AG to a company incorporated under European law and thereby established more efficient corporate governance. The Supervisory Board is smaller, more international, is no longer representing just the interests of German employees. Hence, it is much more in line with the changed environment of a Group operating in the global arena.
3. The next steps towards a more transparent structure have also been defined: We are currently negotiating with our partners in Turkey with a view to taking over their shares in our subsidiary company. At Allianz Leben in Germany share acquisitions have meanwhile enabled us to exceed 95 percent of the capital, and we hope to increase our shareholding to 100

percent. Shareholders will decide on a corresponding squeeze-out resolution at the upcoming Annual General Meeting.

All these changes are not simply ends in themselves. They form the basis for significantly improved processes. The starting point is always bringing together the interests and goals of local management with those of the Group.

In particular, our global divisions Asset Management and Corporate & Specialty Insurance are already benefiting from the integration of local units, and we will continue to strengthen our competitiveness.

We have also established the basis for optimization across the Group in relation to capital management, wealth accumulation, cash pooling and, not least, reinsurance.

We have established the Middle East as a new growth region (including the Indian subcontinent) with the aim of expanding our already strong market position in the emerging markets. We have taken first steps to integrate all our businesses on the Iberian peninsula, before placing them with the activities in the growth markets of South America under a single management.



In summary: We have kept our promise and Allianz is now significantly more robust and more efficient than was the case in the difficult year 2003. I would like to take this opportunity to extend my sincere thanks to my colleagues on the Board of Management and all 177,000 employees for their contributions to this success.

I would now like to give you a brief appraisal of the year 2007. Then I will address the critical issues and finally give you our assessment for 2008.

What went well from my perspective in 2007, what went less well, and what went badly?

*Chart 5: 2007 at a glance*

Let's look at the "green" zone first:

- In a difficult environment, we achieved the best result in Allianz's history. All of our companies, with one exception, earned the cost of capital.
- Our Insurance and Asset Management segments and the investment activities of Allianz SE have remained almost completely unaffected by the repercussions of the subprime crisis.
- We have a strong capital base.

- We have implemented entrepreneurial transactions (such as AGF, ROSNO, Taiwan, ICBC) that significantly strengthen our local positioning.
- We have created an outstanding basis from which to meet the challenges of the current year.

What did I not like in 2007?

- We haven't achieved our targeted growth for Allianz Life in the US. At the same time several law suits triggered a great deal of publicity.

And – finally we come to the “red” zone

- The losses generated in the Investment Banking division

Let me talk in more detail about the three zones I just mentioned:

We will continue to build on our successes. The restructuring taking place in many of our markets will continue. In the process we will apply the experience we have gained from the introduction of the new operating model in Germany internationally in order to derive additional benefit. Our aim is to be

able to respond more quickly to market demands and changing customer needs, and to set quality benchmarks in sales. Just yesterday our French subsidiary AGF announced plans to expand our market position in France.

Our aim is to turn the yellow and red zones to green.

In the USA, we established a new management team at Allianz Life towards the end of 2006. This management has already charted new directions in 2007. Our objective for 2008 is to continue the trend set in the years of strong growth at Allianz Life by launching a product offensive featuring innovative solutions for longevity risks, by cooperating more closely with our asset managers there, and optimizing our sales platform.

We have also been improving internal processes and, for example, have appointed a Suitability Officer who is reviewing the products and sales practices of Allianz Life to assess the customer benefits they actually provide. This goes beyond the legal framework conditions which of course are to be complied with.

The management has thus responded to a series of actions filed by customers and supervisory

authorities. A large proportion of the actions have in fact already been settled.

The measures introduced have created a suitable starting point for Allianz Life to acquire new sales partners and to continue to grow profitably.

I'm now returning to the red zone; the poor results in the investment banking

The press reports following our advance announcement of the results for 2007 on January 24 were more devoted to the mark-downs at Dresdner Bank than to the results for the rest of the Group. This is somehow understandable in the current environment where there is a steady stream of new surprises on the capital market. I too am not pleased that we recorded mark-downs, particularly at this level.

On the other hand, concentrating on this issue masks the fact that parts of Dresdner Bank did indeed operate well in 2007, such as PCC and many parts of the investment bank. And it masks the fact that the Bank generated operating profit amounting to 730 million euros and maintains a high-quality loan portfolio. When we take a closer look at comparable institutions, we see that

Dresdner Bank is not doing badly in the current crisis.

*Chart 6: DKIB: Most product lines in good shape*

I will show you this slide once more as it points out in which segments Dresdner Kleinwort has delivered on the results and in which segments it didn't contribute as expected.

However, I will not enter into a strategic discussion about investment banking. We will make operational changes in order to be prepared for the upcoming tasks in a market environment that has not yet gone back to business as usual.

A set of measures has been decided on, and already implemented in parts.

*Chart 7: Decisions in investment banking*

- Dresdner Kleinwort, the investment banking division of Dresdner Bank will reduce its engagement in the SIV business (Special Investment Vehicle) as the model of interest arbitrage faces a tough future.
- Dresdner Kleinwort is reducing its engagements in the area of structured credit products and is focusing on its future-oriented

business such as Cash Management or Infrastructure Financing. Overall the adjustment has led to 450 job cuts, most of which have been implemented already.

Ladies and Gentlemen,

All financial services providers are now facing months of uncertainty regarding the further development of the financial markets. The situation involves risks but also opportunities for the investment bank and for Allianz as a whole. Strong nerves and a clear direction are the attributes required in a phase of turbulence in the capital markets and the financial sector.

What course have we charted for 2008?

We are keeping to the medium term goals that I announced here one year ago.

*Chart 8: Targets for 2007 – 2009 still within reach*

This means that we are still aiming for average growth of 10 percent per year for the operating result, an average combined ratio of less than 94 percent in property and casualty business, an average new business margin of more than 3 percent in life insurance, and an average increase

of 10 percent in investments for third parties in asset management. All of this we achieved in 2007.

For our outlook regarding our banking business, I have to make a special proviso. Given the present uncertainty, a reliable prognosis for targets is not possible.

Despite this, we are convinced that our overall medium term objective to increase the operating profit by an average of 10 percent can be achieved.

This is subject to terrorist attacks and natural disasters but also to grave developments on the financial markets, the currency markets, and the economic situation.

On the capital market we are also subject to accounting valuation fluctuations, which of course may be reflected in the results of one quarter or another. However, a distinction has to be made here between accounting volatility and the economic value of the assets of a long term investor like Allianz.

In addition, during the past 12 months the dollar has lost some 10 percent in value against the euro. That is certainly relevant to us, because we generate

around 25 percent of our business in the USA; in asset management it's 69 percent. The low dollar rate left its mark in 2007, and the risk continues during the current year.

The economy has lost momentum during the past few months and the US is threatened by recession – despite the efforts of the government.

Nevertheless, we believe that even the effects of a recession on our property and casualty business, on our asset management and on our growth in the life business in particular will be manageable.

The banking business, which generates just under 6 percent of our total revenues and 7 percent of our profit is of course strongly influenced by developments on the capital market, since we have taken market prices as a basis from the outset. It is important for us to have solid asset quality and to do what is economically expedient. This way we are not forced to sell good assets at low prices.

Our aim and our duty is to achieve the best possible results even in difficult years, and we will continue to achieve this goal over the long term. Under the present conditions that I've explained it is more likely that we will achieve our ambitious goals over the long term than for us to make a precision landing each quarter, the value of which I believe should not be overestimated. However, taking all



into account, the market continues to offer significantly more opportunities than risks. And in the next five years we intend to exploit those opportunities in a sound, long term, and reliable manner.

Thank you for your attention.

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