Annual General Meeting
of Allianz SE
on May 4, 2011

Report by the Chairman of the Board of Management Michael Diekmann on business developments

The spoken word shall prevail.

Allianz

Michael Diekmann

Dear shareholders,

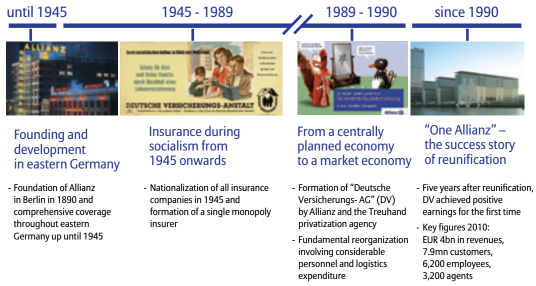
I would like to extend a warm welcome to you to Allianz's Annual General Meeting here in the Olympiahalle, also on behalf of my colleagues on the Board of Management.

I would like to start by talking to you about developments in fiscal 2010 and by offering some explanatory information on our dividend proposal and will also include a comparison of our results with those of our international competitors. I will then talk about our expectations for fiscal 2011 and give you a brief overview of the key data for the first quarter. Finally, I would like to address two topics that will continue to be important to us in the near future: Solvency II, i.e. the new regulations governing the capital resources of insurance companies that are set to come into force in 2013, and diversity, i.e. promoting a diverse workforce at all levels of the company.

Before I start with my annual review, I would like to express my sincere thanks to our more than 151,000 employees. Our employees and sales partners show real dedication and passion. They are proud of Allianz and they are the very reason why the last fiscal year, which got off to a sluggish start, proved to be a successful one. Not only the global natural catastrophes but also the economic situation in the countries on Europe's periphery placed a considerable additional burden on both our operations and sales. Yet our employees tackled these difficulties with admirable commitment. For that, once again, a huge vote of thanks.

I would now like to look back on 2010. Last year was a landmark year in two respects when we celebrated two anniversaries – it marked 20 years since we took over the East German state insurance authority and 10 years since we acquired a majority stake in the asset manager PIMCO. Both companies are now key components of the Allianz Group and made a decisive contribution to Allianz's success in 2010.

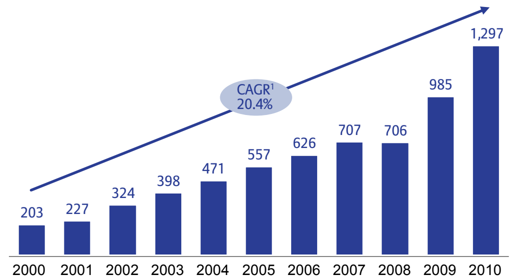
20th anniversary of the acquisition of the East German state insurance authority



When we formed Deutsche Versicherungs-AG in 1990 together with the Treuhand Privatization Agency, we came under criticism from both analysts and our competitors. The analysts believed that the investment would be a sinkhole for billions, while our competitors were aggrieved by the fact that only Allianz was entrusted with the task of guiding the East German insurance company towards a market economy. Following a process of fundamental reforms, what is today the North-East Operating Region now makes a key contribution to the success of Allianz Deutschland. In the year under review, 6,200 employees and 3,200 agents generated gross written premiums in the order of 4 billion euros in the region.

10th anniversary of the acquisition of PIMCO

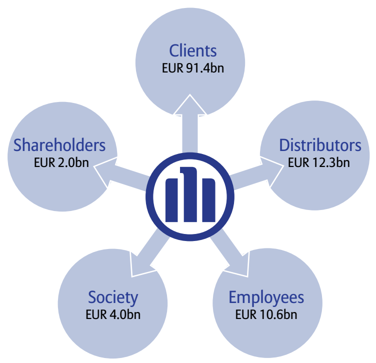
Continued growth in assets under management (USD bn)



1) Compound annual growth rate

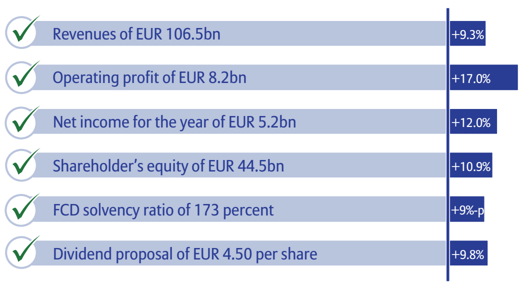
The acquisition of PIMCO 10 years ago is also a success story. This was yet another transaction criticized by many market participants. For Allianz it was an important building block for the creation of our third business segment: asset management. Under the umbrella of Allianz Global Investors and alongside our equity managers PIMCO was to set up asset management in the fixed income sector. As you can see from the graphic, investments under PIMCO's management have grown by an average of more than 20 percent over the past 10 years. PIMCO has achieved unrivalled excellence in the field of fixed-income securities. This success benefits not only our asset management customers, but also our insurance customers, because PIMCO is also responsible for managing a large portion of Allianz's investments.

Superior performance for all stakeholders (2010)



This brings me to the services we provided to our various stakeholders in fiscal 2010. More than 470,000 shareholders, over 76 million customers, 151,338 employees, several hundreds of thousands of sales partners and the 70 countries in which we operate all benefit from our solid business figures. The biggest chunk went to our customers, who received benefits worth over 91 billion euros. Based on our dividend proposal, you, our shareholders, will receive 2 billion euros. Society as a whole received 4 billion euros from us, for example in the form of tax revenue. Our employees received more than 10 billion euros, with our sales partners on the receiving end of more than 12 billion euros. These payment flows reflect fiscal 2010 from a pragmatic perspective.

Strong performance in 2010



Last year, we reported revenues and earnings figures that rank among the best in Allianz's history. All of the key figures in the graphic were up by at least 9 percent versus 2009. Revenues increased by a substantial 9 percent to over 106 billion euros, the highest level seen since Allianz's incorporation. We achieved the third-best operating profit in Allianz's history with an increase of 17 percent in a year-on-year comparison to 8.2 billion euros. Our net income for the year rose by 12 percent to 5.2 billion euros. Our solvency ratio stood at 173 percent by the end of the year. This means that our capital resources exceed the minimum capital requirement imposed by supervisory law by 73 percent.

All three of our business segments have made a contribution to earnings growth. This is testimony to the broad-based nature of our business portfolio, which allows us to compensate for fluctuations in individual markets or regions and ensure a relatively stable and high earnings level.

We make conservative, secure investments that offer attractive returns and are not as sensitive, in financial terms, to price movements on the capital markets. This is also a reason why Allianz was one of only very few global insurers to maintain its "AA" Standard & Poor's rating with a stable outlook throughout the entire banking and global economic crisis. We emerged from the crisis-ridden years of 2008 and 2009 as a highly profitable market player with an even more solid financial footing. This forms the basis for the resilience and stability that our customers, investors and employees expect of Allianz – especially in a difficult overall environment.

I would now like to give you some details about our three business segments.

In the **Property-Casualty Insurance segment,** the burden resulting from natural disasters almost trebled from just under 450 million euros in 2009 to 1.3 billion euros in 2010 due to an unusually high number of natural catastrophes. Nevertheless, the operating profit climbed by almost 6 percent to 4.3 billion euros. This earnings growth was fueled by an improved underwriting result and better operating investment income. Our broad geographical base allowed us to compensate for declining earnings on highly competitive markets or those hit particularly hard by natural catastrophes. Our combined ratio improved from 97.4 percent in 2009 to 97.2 percent in 2010.

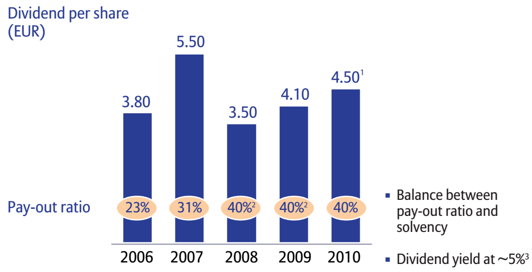
Gross written premiums in the Property-Casualty segment rose by 3 percent to almost 44 billion euros. Prices in the UK, Italy, France, Australia and in the credit insurance business increased in 2010, both for new business and for policy renewals. At the same time, we reported double-digit revenue growth worldwide in our direct business, i.e. essentially the online sale of motor insurance products.

In the past ten years we have increasingly bundled specialty business with global customers in dedicated global Property-Casualty units, the business derived from which continued to gain significance in 2010.The global industrial insurer AGCS further expanded its worldwide presence, especially in the emerging markets. Our global credit insurer, Euler Hermes, has emerged from the financial crisis with new-found strength and has boosted its operating profit considerably. As far as our travel insurer and assistance service provider Mondial is concerned, we have embarked upon the process of renaming the company Allianz Global Assistance. In this respect, we expect to see even closer cooperation with our local units, i.e. in particular, by offering solutions that make our insurance products even better suited to address customers' needs. Our new Global Automotive unit has further expanded its market leadership in the business with car manufacturers. The tailored approach for the automotive industry has met with considerable demand and we are confident that we can continue to expand this area in the future. All in all, our global Property-Casualty units contributed almost one third of total premium volume in the Property-Casualty segment.

In the **Life/Health Insurance segment,** gross written premiums increased by just over 12 percent to more than 57 billion euros. We saw high demand for both investment-oriented and conventional Life products. The operating profit climbed by 7 percent to 2.9 billion euros. Improvements on the cost side and a higher investment result due to lower write-downs than in 2009 played a decisive role in nurturing this trend.

In the **Asset Management segment,** our operating profit rose by 47 percent to total 2.1 billion euros, making a strong contribution to the Group's operating profit. The fees paid for good performance, which rose from 432 million euros in 2009 to 514 million euros in the fiscal year under review, and which is testimony to the solid asset management returns seen by our customers, made an important contribution to this success. Apart from this our good business figures are based on the continually increasing investment assets that we manage for our customers. With 1,164 billion euros we recorded an increase in assets of over 25 percent. This includes net fund inflows of 113 billion euros. The high increases in the asset management segment were achieved in particular thanks to PIMCO's excellent performance, which once again casts a particularly positive light on the 10-year anniversary I referred to at the start of my speech.

Attractive dividend policy



1) Proposal
2) Based on net income from continued operations, net of minorities
3) Based on average share price of the fiscal year

We would like to give you, our shareholders, an appropriate share in these good results achieved in the last fiscal year, and propose a dividend of EUR 4.50 per share. This corresponds to an increase in the dividend of approx. 10 percent, bringing it up to the second-highest level in Allianz's history. You can see from the graphic that it was only in 2007 that we paid a higher dividend. This provides you with an attractive return on your capital employed. Based on our average share price last year, the dividend yield comes in at 5.2 percent and the overall yield – i.e. taking share price gains into account – totals 7.4 percent. This puts Allianz well ahead of many of our international competitors, which brings me to the next point.

Allianz still on top in terms of operating profit ...
(EUR bn)[1]

2006		2007		2008		2009		2010	
1. AIG	17.1	**1. Allianz**	**10.9**	**1. Allianz**	**7.4**	**1. Allianz**	**7.2**	**1. Allianz**	**8.2**
2. Allianz	**10.4**	2. ING	10.7	2. AXA	6.4	2. AXA	5.7	2. AXA	6.0
3. ING	9.7	3. AXA	8.0	3. Generali	3.9	3. Zurich	4.6	3. Zurich	5.1
4. AXA	6.9	4. AIG	7.3	4. Zurich	3.4	4. Generali	3.7	4. AIG	4.6
5. AVIVA	4.9	5. Generali	4.9	5. AVIVA	-0.2	5. AVIVA	2.3	5. Generali	4.1
6. Zurich	4.6	6. Zurich	4.7	6. AEGON	-0.2	6. AIG	1.4	6. Aviva	3.6
7. Generali	4.0	7. AEGON	2.9	7. ING	-0.5	7. AEGON	1.1	7. AEGON	2.3
8. AEGON	3.1	8. AVIVA	2.8	8. AIG	-58.1	8. ING[2]	0.7	8. ING[2]	0.3

1) F/X conversion rates as at Dec 31, 2006, 2007, 2008, 2009 and 2010; operating profit according to company-specific definition or own calculation; all figures as originally reported.
2) Due to restructuring following the financial crisis, ING figures from 2009 onwards only relate to insurance business
Source: Figures for this ranking are derived from several sources incl. publicly available company reports/information and internal analyses

This graphic shows the development of our operating profit over the last few years in an international comparison. As you can see, our fiscal result is not only really pleasing when compared to our own results of previous years, but also compared to international competitors. Moreover, this highlights the fact that we have been topping the ranking list for four years now and were able to widen the gap separating us from our closest competitors even further in 2010.

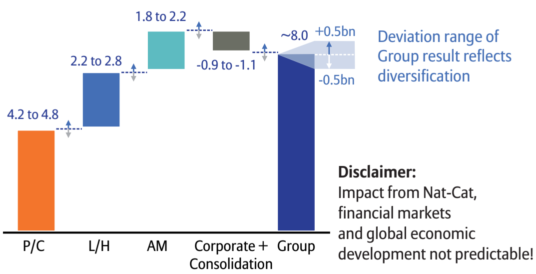
... and market capitalization
(EUR bn)[1]

2006		2007		2008		2009		2010	
1. AIG	141.3	1. AIG	101.1	**1. Allianz**	**34.0**	**1. Allianz**	**39.6**	**1. Allianz**	**40.4**
2. ING	74.1	**2. Allianz**	**66.6**	2. AXA	33.1	2. AXA	37.9	2. AIG	30.1
3. Allianz	**66.9**	3. ING	59.6	3. Generali	27.5	3. Generali	29.3	3. AXA	28.9
4. AXA	64.1	4. AXA	56.4	4. Zurich	21.8	4. ING	26.4	4. Zurich	28.4
5. Generali	42.5	5. Generali	43.7	5. AIG	15.2	5. Zurich	22.5	5. ING	27.9
6. AVIVA	31.3	6. Zurich	29.2	6. ING	15.1	6. AIG	14.1	6. Generali	22.1
7. Zurich	29.5	7. AVIVA	24.0	7. AVIVA	10.7	7. AVIVA	12.4	7. AVIVA	12.9
8. AEGON	23.4	8. AEGON	19.8	8. AEGON	7.1	8. AEGON	7.9	8. AEGON	7.9

1) Market capitalization as at Dec 31, 2006, 2007, 2008, 2009 and 2010

We have also been leading the field in terms of market capitalization for three years now and have further widened the gap separating us from second place in this respect, too. After the Allianz share price had climbed by more than 16 percent in 2009, we asserted ourselves well in what was a difficult stock exchange environment for financial stocks in 2010, closing the year at almost 89 euros. Particularly in the summer, very low interest rates put pressure on share price performance, but the rise in interest rates in the closing quarter of the year allowed Allianz shares to regain considerable ground. In a sector comparison, the STOXX Europe 600 Insurance returned performance of 1.6 percent and a total return, i.e. including dividends, of 5.5 percent. This means that, as in the year before, Allianz's shares outperformed the sector as a whole. Following the publication of the results for 2010, 63 percent of analysts issued a "buy" recommendation for Allianz's shares with an average price target of just under 115 euros.

Outlook for 2011: operating profit at a high level
(EUR bn)



Disclaimer:
Impact from Nat-Cat, financial markets and global economic development not predictable!

This brings me to my outlook for this fiscal year. The outlook you can see in the graphic, namely an operating profit of 8 billion euros (plus or minus 500 million euros), is a very ambitious target, even though it is lower than the 8.2 billion euros achieved in 2010. When we published this outlook at the beginning of the year, we emphasized that the economic environment would remain uncertain in 2011 as well. Interest rates are still at a low level and will thus have a negative impact on our income from new investments. The capital markets remain very volatile, mainly as a result of the catastrophes in Japan, the political upheaval in North Africa and the sovereign debt problem in Europe and the US. We also know that the trend towards higher prices in the P/C insurance segment is not yet stable.

As always, our outlook is given under the premise that the financial markets would not face any major turbulence and that we would be spared any major natural catastrophes.

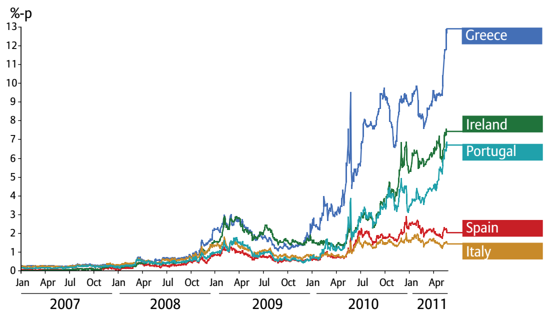
Challenges

Global deleveraging - Capital availability - Capital costs	Banks and sovereigns with significant (re-)financing challenges
Financial market regulation - Basel III, Solvency II, SiFis	Regulatory initiatives mean increasing costs for customers
Sovereign debt problem - EU/EMU (liquidity vs. solvency problem) - USA (e.g., QE2, individual federal states)	Any sovereign restructuring will also require a systemic solution for banks
Political unrest - North Africa - Developing countries	Current global economic recovery at risk
Mid-term risk of inflation - Boom in raw materials and precious metals - EU inflation and US monetary policy	Inflation scenarios
Nat Cat events - Australia, New Zealand, Japan	Increasing number of large-scale Nat Cat events and discussion about future of nuclear energy

If we take a minute to just consider the events that have occurred in recent months, it is almost impossible to believe how uncertainty can rear its head all of a sudden and what challenges we are suddenly faced with.

Sovereign debt problem: risk premiums still at record level

Yield spread (against 10-year German government bonds), %-p



Source: EcoWin.

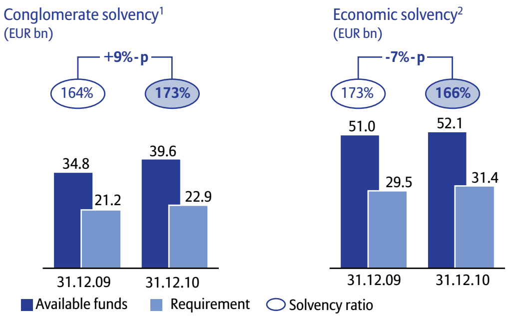
The Greek crisis and the Irish crisis sparked a Europe-wide debate that brought to light the sovereign debt crisis in many European countries, but also in the US. And the risk premiums for the countries shown in the graphic, which remain at record highs, are testimony to the fact that this sovereign debt crisis is far from over. Artificially low interest rates, economic stimulus programs and rescue funds have saved us from an escalation, at least for time being. In view of the banking sector's high level of involvement, fundamental restructuring of sovereign debt does not appear to be on the agenda at the moment. This is why it is now absolutely crucial that the crisis-ridden countries forge ahead with both the budget policy and the growth-oriented reforms and that the institutional reforms agreed in the recent past are implemented at European level. The US, too, will need to find a way of exiting its debt-financed stimulus programs. All this will slow down growth. But in addition to these economic issues, we also have to address the other fundamental issues.

The images, at the turn of the year, of flooded regions of Australia covering an area the same size as Germany and France were succeeded by the devastating earthquake in New Zealand that almost completely destroyed the city of Christchurch. Next came the earthquake and tsunami in Japan, as well as a nuclear disaster that has prompted renewed global debate on energy policies.

At the same time, large-scale unrest emerged in North Africa, together with military intervention in Libya and civil war in several West African states.

We believe that the combination of all of these events poses a risk to further global economic recovery and could push inflation up in the medium term. As this year progresses and moving into 2012, the very strong growth we have been seeing over the past 18 months is likely to become more moderate. However, in view of the preliminary figures for the first quarter, we are nevertheless sticking to our outlook, although I would like to draw your attention yet again to our general reservation with regard to massive disruption on the financial markets as well as further major natural catastrophes under which it was given.

Solid capitalization according to FCD and internal model



1) Including off-balance sheet reserves (Dec. 31, 2009: EUR 1,993mn, Dec. 31, 2010: EUR 2,101mn) pro forma. The solvency ratio excluding off-balance sheet reserves would be 164% as at Dec. 31, 2010 and 155% as at Dec. 31, 2009.
2) At 99.97% confidence level

This brings me to my last two topics. As I mentioned at the start of my speech, Solvency II is set to replace the existing supervisory regulations governing the capital resources of insurance companies in 2013. As you can see from the graphic, the issue of capital resources is a multi-faceted one. The left-hand side of the graphic shows our capital resources based on the current supervisory law regulations, the development of which I have already mentioned in my review of 2010. On the right-hand side, you can see the development in our capital resources based on our internal risk model. Based on both dimensions we have solid capital resources. The contrary development of the two ratios in opposite directions is attributable, in particular, to the fact that the supervisory law provisions that apply at present do not rest on a risk-based model and are not, for example, sensitive to changes in interest rates. On the right, however, we can clearly see the impact of the lower interest rates on our economic capital adequacy ratio, which has fallen by 7 percentage points. This more pronounced fluctuation in our internal model is a feature that, as things stand, Solvency II would also entail.

We nevertheless support Solvency II, because it has the sensible aim of enhancing insurance supervision. In particular, we welcome the actual idea of risk-based capital requirement. It is, however, important not to forget that the insurance sector escaped the financial crisis relatively unscathed. A situation in which exaggerated caution would force us to make additional capital available unnecessarily will hurt all of us.

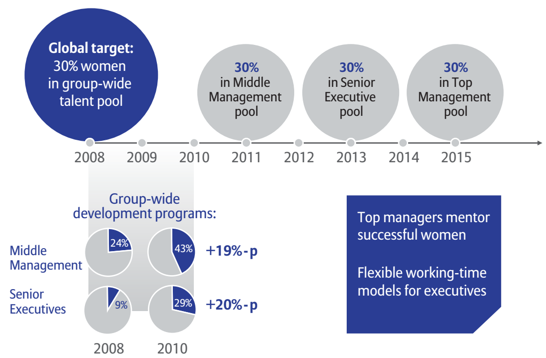
Unfortunately, even the most recent draft versions of the implementing measures still contain weak points that must be improved before the new framework is introduced. In general terms, we have identified the following critical points. Solvency II would make the capital ratios considerably more volatile and would only be able to reflect the long-term structure of our business model to a limited extent. Moreover, the capital requirements that are currently planned appear to be much more conservative than necessary. The current form of calibration would significantly impair the sector's ability to offer customers long-term retirement products with guarantees and to make the investments that make the most financial sense.

Furthermore, considering the economy as a whole, we should not lose sight of the fact that the insurance industry is a key provider of capital to industrial companies and credit institutions. This also means that it will play a key role in solving the current refinancing challenges faced by banks. Solvency II calls this role into question, firstly because it envisages a higher capital requirement for corporate bonds. Secondly, long-term investments will be at a disadvantage over short-term investments because liquidity risks will have to be taken into consideration too, although insurers aim specifically to make long-term investments and as a rule keep them until maturity as a result.

I would like to repeat, once again, that we wholeheartedly support the idea of an economic, risk-based, comprehensive framework of regulations that reflects the characteristics of our industry and our business model. Unfortunately, the current draft versions of the implementing measures do not yet meet these demands. We are working closely with the insurance sector as a whole, the national supervisory authorities, the European supervisory authority EIOPA and the European Commission to achieve definitive clarification on these key issues as soon as possible.

This brings me to my final topic, diversity. Promoting diversity among our employees has been an important priority of ours for years now, irrespective of the appeals made by policymakers. Diversity forms part of our leadership values, meaning that it is part of our corporate culture and governance. Here at Allianz, a global company, nobody is discriminated against on the basis of their religion, gender or geographical origin. We are competing for good employees whom we will only manage to gain if we are perceived as an attractive employer for all employees at the global level. Furthermore, against the backdrop of demographic change, we in any case have to exploit each and every opportunity to further expand our potential pool of top performers and talents so that we are well equipped to deal with generational change.

More women in leadership positions at Allianz



One very important component of this personnel policy – albeit not the only one – is promoting female career development. Women account for a total of 48 percent of our workforce, but are not represented proportionately in the top levels of management. The idea is that, by providing targeted support, women should account for 30 percent of the talent pool for all management levels by 2015. The introduction of stringent quota schemes for women in specific executive bodies, however, is something that we believe runs contrary to the idea of performance-based equality.

This must not, however, serve as an excuse. We definitely take this issue very seriously, and it is in our interests to do so, as you can see from the further measures that we have taken. Allianz's top managers will be working together with the most successful women within the Allianz Group internationally to forge ahead with their career development. We will also continue to tackle the issue of part-time models for management employees to ensure greater flexibility. This aspect is increasingly important not only to employees, but also to executives, be it male or female, who have families to look after.

I am now nearing the end of my speech. 2010 was a good fiscal year that brought strong and profitable growth. We are working hard to ensure that 2011 and beyond will also prove successful.

I would be very happy if you, our owners, were to remain loyal to your Allianz.

Thank you very much for your time.

These assessments are subject to our cautionary note regarding forward-looking statements.

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