

# Allianz Group

## ALLIANZ FINANCE II B.V.

(a private company with limited liability incorporated under the law of the Netherlands)

€1,400,000,000

### 4.375 % Guaranteed Undated Subordinated Fixed to Floating Rate Callable Bonds guaranteed on a subordinated basis by

## ALLIANZ AKTIENGESELLSCHAFT

(incorporated as a stock corporation in Munich, Germany)

Issue Price of the Bonds: 98.923 %

The € 1,400,000,000 4.375 % Guaranteed Undated Subordinated Fixed to Floating Rate Callable Bonds (the "**Bonds**") were issued by Allianz Finance II B.V. (the "**Issuer**") on 17 February 2005 (the "**Issue Date**") in denominations of € 1,000 each.

The Bonds have no final maturity date. The Bonds may be redeemed at the option of the Issuer (in whole but not in part) at par plus accrued and deferred, if any, interest on 17 February 2017 or on any Floating Interest Payment Date (as defined in Condition 3.2 of the terms and conditions of the Bonds (the "**Conditions**")) thereafter. The Bonds will be subject to early redemption at par following a Gross-up Event and at the greater of par and the Make-whole Amount following a Regulatory Event or a Tax Event (all terms as defined in Condition 4 of the Conditions) or otherwise at the option of the Issuer. For regulatory purposes any early redemption will be subject to Allianz Aktiengesellschaft ("Allianz AG" or the "**Guarantor**") or any of its subsidiaries replacing the principal to be redeemed by other at least equivalent regulatory capital or the prior approval of the competent regulator having been obtained, all as more fully described in the Conditions. The Bonds will bear interest from and including 17 February 2005 to but excluding 17 February 2017 at the rate of 4.375 % per annum payable annually in arrear on 17 February of each year commencing on 17 February 2006. Unless previously redeemed in accordance with Condition 4(b)-(f) of the Conditions, from and including 17 February 2017 to but excluding the relevant date of the redemption, interest on the Bonds will be payable, at a rate equal to EURIBOR for three month euro deposits plus 1.73 %, quarterly in arrear on the Floating Interest Payment Date (as defined below) falling in February, May, August and November of each year, the first such payment to be made on the Floating Interest Payment Date falling in May 2017. Under certain circumstances described in Condition 3 of the Conditions, interest payments on the Bonds may be deferred.

The Guarantor will unconditionally and irrevocably guarantee on a subordinated basis (the "**Guarantee**") the due and punctual payment of all amounts at any time becoming due and payable in respect of the Bonds.

**See "Investment Considerations" for a discussion of certain factors that should be considered by prospective investors.**

Application has been made to list the Bonds on the Luxembourg Stock Exchange. Initially the Issuer issued the Bonds with 8 Warrants (as defined in Condition 1(d) of the Conditions) attached to each Bond. The Warrants were detached from the Bonds in their entirety on 17 February 2005. The Warrants are transferable individually. No application has been made to list the Warrants on the Luxembourg Stock Exchange, and the Warrants are not listed on any stock exchange and are not the subject of this listing prospectus (the "**Listing Prospectus**").

The Bonds will initially be represented by a temporary global Bond in bearer form without coupons which have been deposited on 17 February 2005 with a common depositary for Clearstream Banking, *société anonyme* and Euroclear Bank S.A./N.V., as operator of Euroclear System and which will be replaced by a permanent global Bond in bearer form without coupon not earlier than 40 days following 17 February 2005, on presentation of a certificate of non-U.S. beneficial ownership.

The date of this Listing Prospectus is 17 February 2005.

**Dresdner Kleinwort Wasserstein**

The Issuer and the Guarantor accept responsibility for the information contained in this document with respect to the Issuer and the Guarantor, and its subsidiaries taken as a whole (the "**Group**" or "**Allianz Group**") and the Bonds and have taken all reasonable care to ensure that the facts stated in this Listing Prospectus are true and accurate in all material respects and that no material facts have been omitted.

No person has been authorised to give any information or to make any representation other than those contained in this Listing Prospectus in connection with the issue or sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this Listing Prospectus nor any sale made in connection with the issue of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Listing Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which that information is stated is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

**The distribution of this Listing Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Prospectus comes are required by the Issuer and the Guarantor to inform themselves about and to observe any such restriction. The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and Bonds in bearer form are subject to U.S. tax law requirements. For a description of certain restrictions on offers and sales of Bonds and on distribution of this Listing Prospectus, see "Subscription and Sale".**

This Listing Prospectus does not constitute, and may not be used for the purposes of, an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or Dresdner Bank AG London Branch (the "**Lead Manager**") (as described in "Subscription and Sale") to subscribe for, or purchase, any Bonds.

The Listing Agent has not separately verified the information contained in this Listing Prospectus. The Listing Agent does not make any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Listing Prospectus. Neither this Listing Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor or the Lead Manager that any recipient of this Listing Prospectus or any other financial statements should purchase the Bonds.

Each recipient of this document shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer or the Guarantor.

This Listing Prospectus may only be used for the purpose for which it has been published.

The Bonds are undated and the Bondholders shall have no right to call for their redemption. The Bonds will form part of the regulatory capital of the Guarantor and the Allianz Group and as such it is the Issuer's intention to redeem the Bonds in accordance with Condition 4(b) to (f), only to the extent that the Guarantor or any of its subsidiaries (including, for the avoidance of doubt, the Issuer) has in the period of six months preceding such redemption, raised funds in the aggregate principal amount of the Bonds by the issuance and sale of any ordinary shares or any securities the capital treatment of which is similar or better than the Bonds, but there is no obligation to do so nor any guarantee of future behaviour. Furthermore, the Issuer intends the Bonds to be its most junior form of capital apart from its share capital and would not intend to issue any instruments that would rank junior to the Bonds.

In this Listing Prospectus, unless otherwise specified or the context otherwise requires, references to "CHF" are to the currency of Switzerland, references to "EUR", "euro" and "€" are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European

Community as amended by the Treaty on European Union. All references to "USD" are to the lawful currency of the United States of America and all references to "AUD" are to the lawful currency of Australia.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents shall be deemed to be incorporated in, and to form part of, this Listing Prospectus:

- the audited consolidated annual reports of Allianz Group<sup>1</sup>, including the auditors' reports, for the years ended 31 December 2003, 2002 and 2001;
- the audited unconsolidated annual reports of Allianz AG, including the auditors' reports, for the years ended 31 December 2003, 2002 and 2001;
- the unaudited consolidated interim report for the first three quarters of 2004 of Allianz Group for the nine months ended 30 September 2004;
- the audited annual reports of Allianz Finance II B.V., including the auditors' reports, for the years ended 31 December 2003, 2002 and 2001 and
- the articles of association of Allianz AG (the "**Articles of Association**").

Copies of the documents which are incorporated herein by reference will be available free of charge from the specified offices of the Principal Paying Agent and the Luxembourg Paying Agent set out at the end of this Listing Prospectus. The Issuer does not publish interim reports.

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<sup>1</sup> The 2003 and 2002 audited consolidated annual reports of Allianz Group should be read in conjunction with pages 30 et seq. of the consolidated interim report for the first three quarters of 2004 beginning on page 93 of this Listing Prospectus .

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## **INVESTMENT CONSIDERATIONS**

The following is a summary of certain aspects of the Bonds of which prospective investors should be aware. This summary is not intended to be exhaustive and does not impose any limitation on the rights and duties created by the Conditions. Prospective investors should carefully consider this summary in conjunction with the other information contained herein.

### **Perpetual securities**

The Issuer is under no obligation to redeem the Bonds at any time and the Bondholders (as defined in Condition 1(c) of the Conditions) have no right to call for their redemption.

### **Redemption risk**

The Bonds have no final maturity date. The Bonds may be redeemed at the option of the Issuer (in whole but not in part) at par plus accrued and deferred, if any, interest on 17 February 2017 or on any Floating Interest Payment Date (as defined in Condition 3.2 of the Conditions) thereafter. The Bonds will be subject to early redemption at par following a Gross-up Event and at the greater of par and the Make-whole Amount at any time at the option of the Issuer or following a Regulatory Event or a Tax Event (all terms as defined in Condition 4 of the Conditions). For regulatory purposes any early redemption will be subject to the Guarantor or any of its subsidiaries replacing the principal to be redeemed by other at least equivalent regulatory capital or the prior approval of the competent regulator having been obtained, all as more fully described in the Conditions.

### **No limitation on issuing debt**

There is no restriction on the amount of liabilities which the Issuer or the Guarantor may issue which rank senior to the Bonds or on the amount of liabilities which the Issuer or the Guarantor may issue which rank *pari passu* with the Bonds. The occurrence of such may reduce the amount recoverable by Bondholders on a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer or the Guarantor or may increase the likelihood that the Issuer may elect to defer payments of interest under the Bonds.

### **Subordination**

The Bonds and the Guarantor's obligations under the Guarantee will be undated subordinated obligations of the Issuer and the Guarantor, respectively. Upon the occurrence of any winding-up proceedings of the Issuer or the Guarantor, payments on the Bonds will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer and the Guarantor (including dated subordinated obligations), except those liabilities which rank *pari passu* with, or junior to, the Bonds or the Guarantor's obligations under the Guarantee. In a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer or the Guarantor, the Bondholders may recover proportionately less than the holders of unsubordinated and dated subordinated liabilities of the Issuer or the Guarantor, as the case may be.

The Bondholders explicitly accept that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to the Guarantee only in accordance with the subordination described above.

## **Optional Deferral of Interest Payments**

Bondholders should be aware that pursuant to Condition 3.4(a) the Issuer is entitled to defer interest if (x) no dividend was declared in respect of any class of shares of the Guarantor at the ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) (the "**General Meeting**") of the Guarantor immediately preceding that Interest Payment Date; and (y) no payment on account of the balance sheet profit has been made since that ordinary General Meeting.

Bondholders will not receive any additional interest or compensation for the deferral of payment.

## TERMS AND CONDITIONS OF THE BONDS

### Anleihebedingungen ("Bedingungen")

#### § 1 Form und Nennbetrag

- (a) Die Allianz Finance II B.V. (die "**Emittentin**") begibt Schuldverschreibungen in Euro (die "**Festgelegte Währung**") unter der nachrangigen Garantie der Allianz Aktiengesellschaft, München (die "**Garantin**") im Gesamtnennbetrag von EUR1.400.000.000, eingeteilt in auf den Inhaber lautende Schuldverschreibungen (die "**Schuldverschreibungen**") im festgelegten Nennbetrag von je EUR1.000 (der "**Festgelegte Nennbetrag**").
- (b) Die Schuldverschreibungen sind zunächst in einer vorläufigen Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft, die bei einer gemeinsamen Verwahrstelle für Clearstream Banking, société anonyme, Luxemburg ("**Clearstream, Luxembourg**") und Euroclear Bank S.A./N.V., als Betreiberin des Euroclear Systems ("**Euroclear**") (zusammen das "**Clearing System**"), hinterlegt ist.

Die Vorläufige Globalurkunde wird an dem Austauschtag gegen Nachweis über das Nicht-bestehen wirtschaftlichen Eigentums im Sinne des US-Rechts (*beneficial ownership*), für den Inhaber von Schuldverschreibungen unentgeltlich ganz oder teilweise gegen eine dauerhafte Globalurkunde (die "**Dauer-Globalurkunde**") (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine "**Globalurkunde**") ohne Zinsscheine ausgetauscht werden. Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen oder faksimilierten Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten des Fiscal Agent. Ein Recht der Anleihegläubiger auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

"**Austauschtag**" ist ein Tag, der am oder nach dem 40. Tag nach dem Tag der Begebung der vorläufigen Globalurkunde liegt.

- (c) Die Vorläufige Globalurkunde und die Dauer-Globalurkunde werden solange von einem Clearing System oder im Auftrag eines Clearing Systems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

Den Inhabern von Schuldverschreibungen ("**Anleihegläubiger**") stehen Miteigentumsanteile an der Globalurkunde zu, die gemäß anwendbarem Recht und den Bestimmungen und Regeln des Clearing Systems übertragen werden können.

- (d) Jeder Schuldverschreibung im Festgelegten Nennbetrag sind anfänglich 8 von der Garantin ausgegebene, durch einen Inhaber-Globaloptionsschein verbriezte Optionsscheine (jeweils ein "**Optionsschein**" und zusammen die

### Terms and Conditions of the Bonds (the "Conditions")

#### 1. Form and Denomination

- (a) The Bonds are issued by Allianz Finance II B.V. (the "**Issuer**") in euro (the "**Specified Currency**") guaranteed on a subordinated basis by Allianz Aktiengesellschaft, Munich (the "**Guarantor**") in the aggregate principal amount of EUR1,400,000,000 divided into bonds in bearer form (the "**Bonds**") in the specified denomination of EUR1,000 (the "**Specified Denomination**") each.
- (b) The Bonds are initially represented by a temporary global Bond (the "**Temporary Global Bond**") without coupons which is deposited with a depositary common to Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") (together the "**Clearing System**").

The Temporary Global Bond will be exchangeable, free of charge to the holder of Bonds, on its Exchange Date, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond for a permanent global Bond (the "**Permanent Global Bond**") (the Temporary Global Bond and the Permanent Global Bond, each a "**Global Bond**") without coupons. The Temporary Global Bond and the Permanent Global Bond shall each bear the manual or facsimile signatures of two duly authorised officers of the Issuer as well as the manual signature of an authentication officer of the Fiscal Agent. The right of the Bondholders to require the issue and delivery of definitive notes or interest coupons is excluded.

"**Exchange Date**" means a day falling not earlier than 40 days after the date of issue of the Temporary Global Bond.

- (c) Each of the Temporary Global Bond and the Permanent Global Bond will be held in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Bonds have been satisfied.

The holders of Bonds ("**Bondholders**") are entitled to co-ownership participations in the Global Bond, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

- (d) Each Bond in the Specified Denomination is initially provided with 8 warrants (each a "**Warrant**" and together the "**Warrants**") issued by the Guarantor and represented by a global bearer warrant. Each Warrant entitles the holder of the

**"Optionsscheine")** beigefügt. Jeder Optionsschein berechtigt nach Maßgabe der darin aufgeführten Optionsbedingungen und vorbehaltlich etwaiger Anpassungen aufgrund von Verwässerungsschutzbestimmungen zum Bezug von jeweils einer vinkulierten, auf den Namen lautenden Stückaktie der Garantin mit einem anteiligen Betrag am Grundkapitals der Garantin von EUR2,56 je Aktie (am Begebungstag), die mit uneingeschränkter Dividendenberechtigung für das Geschäftsjahr der Ausgabe und alle folgenden Geschäftsjahre ausgestattet ist (die "**Aktien**"). Die Optionsscheine können in ihrer Gesamtheit vom 17. Februar 2005 (dem "**Begebungstag**") an von den Schuldverschreibungen getrennt werden. Danach ist eine Übertragung einzelner Optionsscheine möglich.

## § 2 Status, Garantie

- (a) Die Schuldverschreibungen begründen nicht besicherte, nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nachrangigen Verbindlichkeiten mit unbegrenzter Laufzeit der Emittentin zumindest gleichrangig sind, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben. Im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin stehen die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen im Rang nach den Ansprüchen aller anderen nicht nachrangigen Gläubiger sowie aller Gläubiger nachrangiger Ansprüche mit begrenzter Laufzeit, so dass Zahlungen auf die Schuldverschreibungen solange nicht geleistet werden, bis die Ansprüche von Gläubigern gegen die Emittentin aus nicht nachrangigen Verbindlichkeiten sowie nachrangigen Verbindlichkeiten mit begrenzter Laufzeit nicht zuerst vollständig befriedigt sind.
- (b) Hinweis nach § 53c Absatz 3b Satz 4 Versicherungsaufsichtsgesetz (VAG)

Für die Rechte der Investoren aus den Schuldverschreibungen ist diesen (vorbehaltlich der Garantie) keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden. Nachträglich können weder der Nachrang gemäß diesem § 2 beschränkt, noch die Laufzeit der Schuldverschreibungen oder die jeweiligen Kündigungsfristen verkürzt werden. Eine vorzeitige Rückerstattung ist der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren, sofern die Emittentin nicht aufgelöst wurde oder sofern nicht der Betrag durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist.

## (c) Aufrechnungsverbot

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen mit möglichen Forderungen der Emittentin gegen sie

Warrant, in accordance with the Terms and Conditions of the Warrants set forth therein, to acquire, subject to any amendment due to anti-dilution provisions, one no-par value registered share with restricted transferability of the Guarantor, with a current notional par value of EUR2,56 per Share (on the Issue Date) to which rights to full dividends for the fiscal year in which they are issued and all following fiscal years are attached (the "**Shares**"). The Warrants may be detached from the Bonds in their entirety as from 17 February 2005 (the "**Issue Date**"). Thereafter the Warrants may be transferred individually.

## 2. Status, Guarantee

- (a) The obligations under the Bonds constitute unsecured and subordinated obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with all other unsecured and undated subordinated obligations of the Issuer, save for any obligations required to be preferred by law. In the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, and the obligations of the Issuer under the Bonds will be subordinated to the claims of all unsubordinated and dated subordinated creditors of the Issuer, so that in any such event no amounts shall be payable in respect of the Bonds until the claims of all unsubordinated and dated subordinated creditors of the Issuer shall have first been satisfied in full.

## (b) Notification pursuant to § 53c paragraph 3b Sentence 4 of the German Insurance Supervisory Act (VAG)

No security (subject to the Guarantee) of whatever kind is, or shall at any time be, provided by the Issuer or any other person securing rights of the Investors under the Bonds. No subsequent agreement may limit the subordination pursuant to the provisions set out in this Condition 2 or shorten any applicable notice period (*Kündigungsfrist*) in respect of the Bonds. If the Bonds are redeemed prematurely the amounts redeemed must be returned to the Issuer irrespective of any agreement to the contrary unless the Issuer has been dissolved or such amounts have been replaced by other at least equivalent capital (*Eigenmittel*) of at least equal status.

## (c) No right to set-off

No Bondholder may set off any claims arising under the Bonds against any claims that the Issuer may have against the Bondholder. The Issuer may not set

aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber Anleihegläubigern mit den Verpflichtungen aus den Schuldverschreibungen aufzurechnen.

- (d) Die Garantin hat am 17. Februar 2005 die unbedingte und unwiderrufliche Garantie auf nachrangiger Basis für die fristgerechte Zahlung von Kapital, Zinsen und sonstigen aus den Schuldverschreibungen zu zahlenden Beträgen übernommen. Die Garantie ist ein Vertrag zugunsten jedes Anleihegläubigers als begünstigtem Dritten gem. § 328 Absatz 1 BGB, der das Recht begründet, die Garantin unmittelbar aus der Garantie auf Erfüllung in Anspruch zu nehmen und Ansprüche aus der Garantie gegen die Garantin unmittelbar durchzusetzen.

Im Fall der Auflösung, der Liquidation oder der Insolvenz der Garantin oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Garantin werden die Ansprüche der Anleihegläubiger aus der Garantie erst befriedigt, nachdem die Ansprüche sämtlicher nicht nachrangiger Gläubiger sowie aller Gläubiger nachrangiger Ansprüche mit begrenzter Laufzeit der Garantin zuerst volumnäßig befriedigt worden sind.

Die Anleihegläubiger erkennen ausdrücklich an, dass unter den oben genannten Umständen Zahlungen der Garantin aus der Garantie auf die Schuldverschreibungen nur unter Wahrung obenstehender Nachrangigkeit erfolgen werden.

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus der Garantie mit möglichen Forderungen der Garantin gegen sie aufzurechnen.

### § 3 Zinsen

#### 3.1 Festzinsperiode

- (a) Die Schuldverschreibungen werden bezogen auf ihren Nennbetrag ab dem 17. Februar 2005 (einschließlich) bis zum 17. Februar 2017 (dem "Ersten Call-Rückzahlungstag") (ausschließlich) wie folgt verzinst (die "Festzinsperiode"). Die Schuldverschreibungen werden während der Festzinsperiode mit jährlich 4,375% verzinst. Die Zinsen sind nachträglich am 17. Februar eines jeden Jahres fällig (jeweils ein "Festzinszahlungstag"). Die erste Zinszahlung erfolgt am 17. Februar 2006.
- (b) Sofern Zinsen für einen Zeitraum von weniger als einem Jahr zu berechnen sind, erfolgt die Berechnung auf der Grundlage der tatsächlichen Anzahl von Tagen in diesem Zeitraum dividiert durch die tatsächliche Anzahl von Tagen (365 oder 366) im jeweiligen Jahr.

#### 3.2 Variable Zinsperiode

- (a) Die Schuldverschreibungen werden in Höhe ihres Nennbetrags ab dem Ersten Call-Rückzahlungstag

off any claims it may have against any Bondholder against any of its obligations under the Bonds.

- (d) On 17 February 2005 The Guarantor has given an unconditional and irrevocable Guarantee on a subordinated basis for the due payment of principal of, and interest on, and any other amounts expressed to be payable under the Bonds. The Guarantee constitutes a contract for the benefit of the Bondholders from time to time as third party beneficiaries in accordance with § 328 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), giving rise to the right of each Bondholder to require performance under the Guarantee directly from the Guarantor and to enforce the Guarantee directly against the Guarantor.

In the event of the dissolution, liquidation, insolvency or of other proceedings for the avoidance of insolvency of the Guarantor, the claims of the Bondholders under the Guarantee will be satisfied after (but only after) the claims of all unsubordinated and dated subordinated creditors of the Guarantor have first been paid in full.

The Bondholders explicitly accept that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to the Guarantee only in accordance with the subordination described above.

No Bondholder may set off any claims arising under the Guarantee against claims that the Guarantor may have against it.

### 3. Interest

#### 3.1 Fixed Interest Period

- (a) The Bonds shall bear interest on their principal amount from and including 17 February 2005 to but excluding 17 February 2017 (the "First Optional Redemption Date") as follows (the "Fixed Interest Period"). During the Fixed Interest Period the Bonds shall bear interest at the rate of 4.375 per cent. per annum. Interest shall be payable in arrear on 17 February in each year (each such date, a "Fixed Interest Payment Date"). The first payment of interest shall be made on 17 February 2006.

- (b) If interest is required to be calculated for a period of less than a full year, such interest shall be calculated on the basis of the actual number of days in such period divided by the actual number of days (365 or 366) in the respective year.

#### 3.2 Floating Interest Period

- (a) The Bonds shall bear interest on their principal amount from and including the First Optional

(der "Variable Verzinsungsbeginn") (einschließlich) bis zum Tag ihrer Rückzahlung (ausschließlich) die "Variable Zinsperiode") wie folgt verzinst:

- (i) Die Schuldverschreibungen werden für jede Zinsperiode ab dem Variablen Verzinsungsbeginn (einschließlich) bis zum ersten Variablen Zinszahlungstag (ausschließlich) und danach ab jedem Variablen Zinszahlungstag (einschließlich) bis zum nächsten Variablen Zinszahlungstag (ausschließlich) verzinst. Zinsen auf die Schuldverschreibungen sind nachträglich an jedem Variablen Zinszahlungstag fällig.
  - (ii) "Variabler Zinszahlungstag" bedeutet 17. Mai, 17. August, 17. November und 17. Februar eines jeden Jahres, beginnend am 17. Mai 2017.
  - (iii) Fällt ein Variabler Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Zinszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.
- (b) Der Zinssatz (der "Zinssatz") für jede Zinsperiode (wie nachstehend definiert) ist, sofern nachstehend nichts Abweichendes bestimmt wird, das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze auf der Bildschirmseite (wie nachstehend definiert) (ausgedrückt als Prozentsatz per annum) für Einlagen in der Festgelegten Währung für die jeweilige Zinsperiode, der bzw. die auf der Bildschirmseite am betreffenden Zinsfestlegungstag (wie nachstehend definiert) gegen 11.00 Uhr (Brüsseler Ortszeit) angezeigt werden zuzüglich der Marge (wie nachstehend definiert), wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

"Zinsfestlegungstag" bezeichnet den zweiten Geschäftstag vor Beginn der jeweiligen Zinsperiode.

Die "Marge" beträgt 1,73% per annum.

"Bildschirmseite" bedeutet Telerate Seite 248, "EURIBOR Bildschirmseite" oder eine andere Bildschirmseite von Telerate oder von einem anderen Informationsanbieter als Nachfolger, welche die Telerate Seite 248 ersetzt.

Wenn auf der maßgeblichen Bildschirmseite fünf oder mehr Angebotssätze angezeigt werden, werden der höchste (falls mehr als ein solcher Höchstsatz angezeigt wird, nur einer dieser Sätze) und der niedrigste (falls mehr als ein solcher Niedrigstsatz angezeigt wird, nur einer dieser Sätze) von der Berechnungsstelle für die Bestimmung des arithmetischen Mittels der Angebotssätze (das wie vorstehend beschrieben auf- oder abgerundet wird)

Redemption Date (the "Floating Interest Commencement Date") to but excluding the relevant date of redemption (the "Floating Interest Period") as follows:

- (i) The Bonds bear interest in respect of each Interest Period from and including the Floating Interest Commencement Date to but excluding the first Floating Interest Payment Date and thereafter from and including each Floating Interest Payment Date to but excluding the next following Floating Interest Payment Date, such interest being payable in arrear on each Floating Interest Payment Date.
- (ii) "Floating Interest Payment Date" means 17 May, 17 August, 17 November and 17 February in each year commencing 17 May 2017.
- (iii) If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day.

- (b) The rate of interest (the "Rate of Interest") for each Interest Period (as defined below) will, except as provided below, be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the offered quotations on the Screen Page (as defined below) (expressed as a percentage rate per annum) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Screen Page as of 11.00 a.m. (Brussels time) on the relevant Interest Determination Date (as defined below) plus the Margin (as defined below), all as determined by the Calculation Agent.

"Interest Determination Date" means the second Business Day prior to the commencement of the relevant Interest Period.

"Margin" means 1.73 per cent. per annum.

"Screen Page" means Telerate Page 248 "EURIBOR Screen Page" or such other screen page of Telerate or such other information service which is the successor to Telerate Page 248 or for the purpose of displaying such rates).

If five or more such offered quotations are available on the Screen Page, the highest (or, if there is more than one such highest rate, only one of such rates) and the lowest (or, if there is more than one such lowest rate, only one of such rates) shall be disregarded by the Calculation Agent for the purposes of determining the arithmetic mean (rounded as provided above) of such offered quotations.

außer Acht gelassen.

Sollte die maßgebliche Bildschirmseite nicht zur Verfügung stehen, wird die Berechnungsstelle von jeder der von ihr bestimmten fünf Referenzbanken deren jeweilige Angebotssätze (jeweils als Prozentsatz per annum ausgedrückt) für Dreimonateinlagen in Euro für die betreffende Variable Zinsperiode gegenüber führenden Banken im Interbanken-Markt der Euro-Zone um ca. 11.00 Uhr (Brüsseler Ortszeit) am Zinsfestlegungsstag anfordern. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Zinssatz für die betreffende Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste ein Tausendstel Prozent, wobei 0,0005 aufgerundet wird) dieser Angebotssätze zuzüglich der Marge. Falls der Variable Zinssatz nicht gemäß der oben definierten Bestimmungen ermittelt werden kann, ist der Zinssatz der Angebotssatz bzw. das arithmetischen Mittel der Angebotssätze auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestlegungstag, an dem diese Zinssätze angezeigt wurden, zusätzlich der Marge.

"**Referenzbanken**" bezeichnet diejenigen Banken, deren Angebotssätze zur Ermittlung des maßgeblichen Angebotssatzes zu dem Zeitpunkt benutzt wurden, als solch ein Angebot letztmals auf der maßgeblichen Bildschirmseite angezeigt wurde.

"**Euro-Zone**" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag über die Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992) und den Amsterdamer Vertrag vom 2. Oktober 1997, in seiner jeweiligen Fassung, eine einheitliche Währung eingeführt haben oder jeweils eingeführt haben werden.

- (c) Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zeitpunkt, an dem der Zinssatz zu bestimmen ist, den auf die Schuldverschreibungen fälligen Zinsbetrag in bezug auf jeden Festgelegten Nennbetrag (der "**Zinsbetrag**") für die entsprechende Zinsperiode berechnen. Der Zinsbetrag wird ermittelt, indem der Zinssatz und der Zinstagequotient (wie nachstehend definiert) auf jeden Festgelegten Nennbetrag angewendet werden, wobei der resultierende Betrag auf den nächsten 0,01 Euro auf- oder abgerundet wird, wobei 0,005 Euro aufgerundet werden.
- (d) Die Berechnungsstelle wird veranlassen, dass der Zinssatz, der Zinsbetrag für die jeweilige Zinsperiode, die jeweilige Zinsperiode und der relevante Variable Zinszahlungstag der Emittentin und den Anleihegläubigern gemäß § 10 und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, baldmöglichst, aber keinesfalls später als zu Beginn der jeweiligen Zinsperiode bekanntgemacht werden. Im Fall einer

If the Screen Page is not available the Calculation Agent shall request the five Reference Banks selected by it to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for three-month deposits in euro for the relevant Floating Interest Period to leading banks in the interbank market of the Euro-Zone at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date. As long as two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Floating Interest Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) plus the Margin. If the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered plus the Margin.

As used herein, "**Reference Banks**" means those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page.

"**Euro-Zone**" means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time.

- (c) The Calculation Agent will, on or as soon as practicable after each date at which the Rate of Interest is to be determined, calculate the amount of interest (the "**Interest Amount**") payable on the Bonds in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure to the nearest 0.01 Euro, 0.005 Euro being rounded upwards.
- (d) The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer and to the Bondholders in accordance with Condition 10 and, if required by the rules of any stock exchange on which the Bonds are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Floating Interest

Verlängerung oder Verkürzung der Zinsperiode können der mitgeteilte Zinsbetrag und Variable Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung hat umgehend allen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, sowie den Anleihegläubigern gemäß § 10 bekanntgemacht zu werden.

- (e) Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3.2 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Garantin, den Fiscal Agent, die Zahlstellen und die Anleihegläubiger bindend.

### 3.3 Allgemeine Vorschriften zur Verzinsung

- (a) Der Zinslauf der Schuldverschreibungen endet an dem Tag, an dem sie zur Rückzahlung fällig werden (ausschließlich). Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrags der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit der tatsächlichen Rückzahlung der Schuldverschreibungen. Der jeweils geltende Zinssatz wird gemäß diesem § 3 bestimmt. Weitergehende Ansprüche der Anleihegläubiger bleiben unberührt.

- (b) Bestimmte Definitionen

In diesen Bedingungen haben die nachstehend definierten Begriffe die folgenden Bedeutungen, soweit sich aus dem jeweiligen Kontext nichts anderes ergibt:

**"Geschäftstag"** bezeichnet einen Tag, an dem Zahlungen über das Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System abgewickelt werden können.

**"Zinsperiode"** bezeichnet den Zeitraum ab dem Verzinsungsbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) bzw. von jedem Zinszahlungstag (einschließlich) bis zum jeweils darauffolgenden Zinszahlungstag (ausschließlich).

**"Zinstagequotient"** bezeichnet im Hinblick auf die Berechnung des Zinsbetrages auf eine Schuldverschreibung für einen beliebigen Zeitraum die tatsächliche Anzahl von Tagen in diesem Zeitraum dividiert durch 360.

**"Zinszahlungstag"** bezeichnet je nachdem jeden Festen Zinszahlungstag oder Variablen Zinszahlungstag.

### 3.4 Zinsrückstände

#### (a) Aussetzung von Zinszahlungen

- (i) Die Emittentin ist berechtigt, die Fälligkeit der betreffenden Zinszahlung durch eine Bekanntmachung gemäß § 10 innerhalb einer Frist von nicht weniger als 3

Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Bonds are then listed and to the Bondholders in accordance with Condition 10.

- (e) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.2 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Guarantor, the Paying Agents and the Bondholders.

### 3.3 General Interest Conditions

- (a) The Bonds shall cease to bear interest from but excluding their due date for redemption. If the Issuer fails to redeem the Bonds when due, interest shall continue to accrue on the outstanding principal amount of the Bonds beyond the due date until actual redemption of the Bonds. The applicable Rate of Interest will be determined in accordance with this Condition 3. This does not affect any additional rights that might be available to the Bondholders.

- (b) Certain Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**"Business Day"** means a day on which the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is operating.

**"Interest Period"** means each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and from and including each Interest Payment Date to but excluding the following Interest Payment Date.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest on any Bond for any period of time the actual number of days in such period divided by 360.

**"Interest Payment Date"** means each Fixed Interest Payment Date or Floating Interest Payment Date, as the case may be.

### 3.4 Arrears of Interest

#### (a) Deferral of Interest Payments

- (i) If on the 10th Business Day preceding any Interest Payment Date the Optional Deferral Condition (as defined in Condition 3.4(b)) is satisfied, any such Interest Payment may be

Geschäftstagen vor einem Zinszahlungstag auszusetzen, falls an dem 10. Geschäftstag vor dem Zinszahlungstag die Wahlweise Aussetzungsvoraussetzung (wie in § 3.4(b) definiert) erfüllt ist.

- (ii) Falls eine Zinszahlung gemäß § 3.4(a) ausgesetzt wird, werden keine Zinsen auf eine solche ausgesetzte Zinszahlung geschuldet.

**Anleihegläubiger sollten beachten, dass im Fall von § 3.4(a) die Emittentin berechtigt ist, Zinszahlungen auszusetzen bis die Voraussetzungen für die Nachzahlung der ausgesetzten Zinszahlung(en) erfüllt sind. Anleihegläubiger erhalten keine zusätzlichen Zinsen oder Ausgleichszahlungen für die Aussetzung einer Zahlung.**

- (iii) Die Emittentin hat gemäß § 3.4(a) Ausgesetzte Zahlungen wie folgt nachzuzahlen:

- (A) Die Emittentin ist berechtigt, eine solche Ausgesetzte Zahlung jederzeit unter Wahrung der Rechte der nicht nachrangigen Gläubiger, der Gläubiger nachrangiger Ansprüche mit begrenzter Laufzeit und der Gläubiger von Gleichrangigen Wertpapieren der Emittentin oder der Garantin nach entsprechender Bekanntmachung gemäß § 10 ganz oder teilweise nachzuzahlen.
- (B) Die Emittentin ist verpflichtet, eine Ausgesetzte Zahlung am nächstfolgenden Zinszahlungstag nachzuzahlen, wenn:
  - (I) die Emittentin oder die Garantin eine Zinszahlung auf Gleichrangige Wertpapiere oder eine Zinszahlung oder eine Zahlung einer ausgesetzten Zahlung auf Nachrangige Wertpapiere leistet; oder
  - (II) die Wahlweise Aussetzungsvoraussetzung am 10. Geschäftstag vor dem betreffenden Zinszahlungstag nicht mehr erfüllt ist.
- (C) Wenn die Emittentin oder die Garantin eine ausgesetzte Zahlung auf Gleichrangige Wertpapiere ganz oder teilweise nachzahlt, ist die Emittentin verpflichtet, an dem einer solchen Zahlung folgenden Zinszahlungstag eine Ausgesetzte Zahlung ebenfalls nachzuzahlen. Im Fall der Zahlung nur eines Teilbetrags einer solchen

deferred by the Issuer giving notice in accordance with Condition 10 not less than 3 Business Days prior to the Interest Payment Date.

- (ii) If an interest payment is deferred pursuant to Condition 3.4(a), then no amount will be payable by way of interest on any such deferred interest payment.

**Bondholders should be aware that pursuant to Condition 3.4(a) the Issuer is entitled to defer interest payments until such time as the requirements for the satisfaction of the deferred interest payment(s) are fulfilled. Bondholders will not receive any additional interest or compensation for the deferral of payment.**

- (iii) The Issuer shall satisfy Deferred Payments pursuant to Condition 3.4(a) as follows:

- (A) The Issuer may at any time satisfy in whole or in part any such Deferred Payment, subject to the rights of the claims of all unsubordinated creditors and dated subordinated creditors and creditors of Parity Securities of the Issuer or the Guarantor, upon giving prior notice in accordance with Condition 10.

- (B) The Issuer must make a Deferred Payment on the next subsequent Interest Payment Date if:

- (I) the Issuer or the Guarantor makes any payment of interest on any Parity Securities or any payment of interest or deferred payment on any Junior Securities; or

- (II) the Optional Deferral Condition ceases to be satisfied on the 10th Business Day preceding such Interest Payment Date.

- (C) If the Issuer or the Guarantor makes any full or partial payment of a deferred payment on any Parity Securities, the Issuer shall satisfy the Deferred Payment on the Interest Payment Date immediately following such payment. If only a partial payment of such deferred payment is made, the Issuer shall satisfy the Deferred Payment at a

	<p>ausgesetzten Zahlung hat die Nachzahlung der Ausgesetzten Zahlung zu dem Bruchteil zu erfolgen, der dem Quotienten des gezahlten Teilbetrags und dem ausstehenden Betrag der Ausgesetzten Zahlung entspricht.</p>		<p>proportion equal to the result from the division of the amount of the deferred payment actually paid by the amount of the Deferred Payment payable.</p>
(D)	<p>Die Emittentin ist ferner verpflichtet, eine Ausgesetzte Zahlung</p> <ul style="list-style-type: none"> <li>(I) an dem Tag nachzuzahlen, an dem die Rückzahlung der Schuldverschreibungen gemäß § 4(b)-(f) fällig ist; oder</li> <li>(II) an dem Tag, an dem einer der Auflösungsgründe des § 262 Abs. 1 AktG hinsichtlich der Emittentin oder der Garantin vorliegt (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. der die Garantin bzw. die Emittentin noch zahlungsfähig ist und bei dem bzw. der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin oder der Garantin übernimmt).</li> </ul>	(D)	<p>The Issuer must make a Deferred Payment on</p> <ul style="list-style-type: none"> <li>(I) the due date for redemption of the Bonds pursuant to Condition 4(b)-(f); or</li> <li>(II) the date on which a reason for the dissolution pursuant to § 262 para. 1 Stock Corporation Act (<i>Aktiengesetz</i>) with respect to the Issuer or Guarantor exists (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer or the Guarantor as the case may be).</li> </ul>
(b)	<p>Definitionen:</p> <p><b>"Ausgesetzte Zahlung"</b> bezeichnet eine Zinszahlung, deren Fälligkeit gemäß den Bestimmungen des § 3.4(a) ausgesetzt wurde.</p> <p><b>"Gleichrangige Wertpapiere"</b> bezeichnet Wertpapiere, die die Emittentin, oder die Garantin oder eine ihrer Tochtergesellschaften begeben hat, die im gleichen Rang mit den Schuldverschreibungen stehen.</p> <p><b>"Nachrangige Wertpapiere"</b> bezeichnet Wertpapiere (mit Ausnahme von Stammaktien oder Vorzugsaktien der Garantin mit nachzahlbarem Vorzug), die die Emittentin, oder die Garantin oder eine ihrer Tochtergesellschaften als Schuldnerin begeben hat und die im Fall der Liquidation, der Auflösung oder der Insolvenz der Emittentin oder der Garantin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin oder der Garantin im Rang nach den Schuldverschreibungen stehen.</p> <p>Die <b>"Wahlweise Aussetzungsvoraussetzung"</b> ist erfüllt, wenn: (x) auf der ordentlichen Hauptversammlung der Garantin, die dem betreffenden Zinszahlungstag unmittelbar vorangegangen ist, für keine Aktiengattung der</p>	(b)	<p>Definitions:</p> <p><b>"Deferred Payment"</b> means an Interest Payment that has been deferred in accordance with the provisions of Condition 3.4(a).</p> <p><b>"Parity Securities"</b> means any securities the Issuer, or the Guarantor or any of its subsidiaries has issued ranking <i>pari passu</i> to the Bonds.</p> <p><b>"Junior Securities"</b> means any securities (excluding ordinary shares or cumulative preferred shares of the Guarantor) the Issuer, or the Guarantor or any of its subsidiaries has issued ranking junior to the Bonds in the event of the liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer or the Guarantor.</p> <p>The <b>"Optional Deferral Condition"</b> shall be satisfied if: (x) no dividend was declared in respect of any class of shares of the Guarantor at the ordinary General Meeting of Shareholders (<i>ordentliche Hauptversammlung</i>) of the Guarantor</p>

Garantin eine Ausschüttung einer Dividende beschlossen wurde, und (y) seit dieser ordentlichen Hauptversammlung der Garantin keine Abschlagszahlung auf den Bilanzgewinn geleistet worden ist.

#### § 4 Rückzahlung

##### (a) Keine Endfälligkeit

Die Schuldverschreibungen haben keinen Endfälligkeitstag und werden, außer gemäß den Bestimmungen in § 4(b)-(f) nicht zurückgezahlt.

##### (b) Rückzahlung nach Eintritt eines Gross-up-Ereignisses, eines Steuerereignisses oder eines Aufsichtsrechtlichen Ereignisses

(i) Sofern nach dem Begebungstag ein Gross-up-Ereignis eintritt, ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht in Teilbeträgen) durch Bekanntmachung an die Anleihegläubiger gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen und zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zurückzuzahlen. Dabei gilt Folgendes:

(A) Eine solche Rückzahlungsmitteilung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin oder die Garantin erstmals verpflichtet wäre, Zusätzliche Beträge zu zahlen bzw. wenn eine ordnungsgemäße Zahlungsaufforderung unter der Garantie erfolgen würde; und

(B) vor Abgabe einer solchen Rückzahlungsmitteilung wird die Emittentin dem Fiscal Agent folgende Dokumente übergeben oder für deren Übergabe sorgen:

(I) eine von der Emittentin unterzeichnete Bescheinigung, die bestätigt, dass die Emittentin berechtigt ist, diese Rückzahlung durchzuführen, und in der die Tat-sachen dargelegt sind, aus denen deutlich wird, dass die Bedingungen für das Recht der Emittentin auf Durch-führung dieser Rückzahlung eingetreten sind; und

(II) ein Gutachten eines angesehenen unabhängigen Rechtsberaters, aus dem hervorgeht, dass die Emittentin bzw. die Garantin verpflichtet ist oder verpflichtet sein wird, die betreffenden Zusätzlichen Beträge als Folge der ent-

immediately preceding that Interest Payment Date; and (y) no payment on account of the balance sheet profit has been made since that ordinary General Meeting of Shareholders of the Guarantor.

#### 4. Redemption

##### (a) No scheduled redemption

The Bonds have no final maturity date and shall not be redeemed except in accordance with the provisions set out in Conditions 4(b)-(f).

##### (b) Redemption following a Gross up Event, a Tax Event or a Regulatory Event

(i) If at any time after the Issue Date a Gross up Event occurs, the Issuer may call and redeem the Bonds (in whole but not in part) at their principal amount plus accrued interest at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 10, provided that:

(A) no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be for the first time obliged to pay the Additional Amounts or (as the case may be) in respect of a demand for payment duly made under the Guarantee; and

(B) prior to the giving of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Fiscal Agent:

(I) a certificate signed by the Issuer stating that the Issuer is entitled to effect that redemption and setting out a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(II) an opinion of an independent legal advisor of recognised standing to the effect that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay the Additional Amounts in question as a result of the relevant change

sprechenden Änderung zu zahlen.

Ein "**Gross-up-Ereignis**" liegt vor, wenn die Emittentin aufgrund einer Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) der Niederlande oder der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung dieser Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde der Niederlande oder der Bundesrepublik Deutschland verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 zu zahlen, oder die Garantin verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge auf fällige Beträge aus der Garantie zu zahlen, und die Emittentin bzw. die Garantin diese Verpflichtung nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält.

Die Emittentin kann ihr Recht, die Schuldverschreibungen gemäß diesem § 4(b)(i) zurückzuzahlen, nur nach Maßgabe von § 4(f) ausüben.

(ii) Sofern nach dem Begebungstag ein Steuerereignis eintritt, ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht in Teilbeträgen) durch Bekanntmachung an die Anleihegläubiger gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen und zu ihrem Vorzeitigen Rückzahlungsbetrag zurückzuzahlen.

Ein "**Steuerereignis**" liegt vor, wenn aufgrund einer Gesetzesänderung (oder einer Änderung von darunter erlassenen Bestimmungen und Vorschriften) der Niederlande oder der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder einer ihrer Steuerbehörden, oder als Folge einer Änderung der offiziellen Auslegung oder Anwendung solcher Gesetze, Bestimmungen oder Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht, eine Regierungsstelle oder eine Aufsichtsbehörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung gerichtlicher oder aufsichtsrechtlicher Entscheidungen), Zinsen, die von der Emittentin auf die Schuldverschreibungen zu zahlen sind oder Beträge, die von der Garantin aus der Garantie zu zahlen sind, von der Emittentin und/oder der Garantin nicht mehr für die Zwecke der niederländischen und/oder deutschen Einkommensteuer voll abzugsfähig sind, bzw. innerhalb von 90

or amendment.

A "**Gross up Event**" shall occur, if the Issuer has or will become obliged by a legislative body, a court or any authority to pay Additional Amounts pursuant to Condition 6 or the Guarantor has or will become obliged to pay Additional Amounts in respect of payments due under the Guarantee as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of the Netherlands or the Federal Republic of Germany or any political subdivision or any authority of or in the Netherlands or the Federal Republic of Germany, or any change in or amendment to any official interpretation or application of those laws or rules or regulations, and that obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking such reasonable measures it (acting in good faith) deems appropriate.

The Issuer may redeem the Bonds pursuant to this Condition 4(b)(i) only in accordance with Condition 4(f).

(ii) If at any time after the Issue Date a Tax Event occurs, the Issuer may call and redeem the Bonds (in whole but not in part) at their Early Redemption Amount at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 10.

A "**Tax Event**" shall occur, if as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of the Netherlands or the Federal Republic of Germany or any political subdivision or any taxing authority thereof or therein, or as a result of any amendment to, or change in, an official interpretation or application of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination), interest payable by the Issuer in respect of the Bonds or any amount payable by the Guarantor under the Guarantee] is no longer, or within 90 days of the date of the opinion described below will no longer be, fully deductible by the Issuer and/or the Guarantor for Dutch and/or German income tax purposes, and that risk cannot be avoided by the Issuer and/or the Guarantor taking reasonable measures it (acting in good faith) deems appropriate.

Tagen nach dem Datum des nachstehend beschriebenen Gutachtens nicht mehr voll abzugsfähig sein werden, und die Emittentin und/oder die Garantin dieses Risiko nicht abwenden kann, indem sie zumutbare Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält.

Die Emittentin und/oder Garantin hat dem Fiscal Agent ein Gutachten eines anerkannten unabhängigen Steuerberaters zu übergeben, das dies bestätigt.

Die Emittentin kann ihr Recht, die Schuldverschreibungen gemäß diesem § 4(b)(ii) zurückzuzahlen, nur nach Maßgabe von § 4(f) ausüben.

- (iii) Bei Eintritt eines Aufsichtsrechtlichen Ereignisses ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht in Teilbeträgen) durch Bekanntmachung an die Anleihegläubiger gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zu kündigen und zu ihrem Vorzeitigen Rückzahlungsbetrag zurückzuzahlen.

Ein "**Aufsichtsrechtliches Ereignis**" liegt vor, wenn die Bundesanstalt für Finanzdienstleistungsaufsicht oder eine Nachfolgebehörde (wie nachstehend definiert) schriftlich gegenüber der Garantin feststellt, dass die Schuldverschreibungen ganz oder teilweise nicht länger die Anforderungen an Eigenmittel für Zwecke der Ermittlung der Gruppensolvabilität, der Solvabilität nach den Vorschriften für Finanzkonglomerate oder der Einzelsolvabilität der Garantin erfüllen. Dies gilt nur, wenn die Schuldverschreibungen diese Anforderungen zu einem Zeitpunkt vor dieser Feststellung erfüllt haben.

**"Nachfolgebehörde"** ist jede Behörde, die Funktionsnachfolger der Bundesanstalt für Finanzdienstleistungsaufsicht wird.

Die Emittentin kann ihr Recht, die Schuldverschreibungen gemäß diesem § 4(b)(iii) zurückzuzahlen, nur nach Maßgabe von § 4(f) ausüben.

- (c) Vorzeitige Rückzahlung nach Wahl der Emittentin
- (i) Die Emittentin kann, vorbehaltlich § 4(f)(i), nach ordentlicher Kündigung gemäß Absatz (iii) mit einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen die Schuldverschreibungen insgesamt jedoch nicht nur teilweise an jedem Call-Rückzahlungstag zum Nennbetrag zuzüglich aufgelaufener Zinsen zurückzahlen.

**"Call-Rückzahlungstag"** bezeichnet den

The Issuer and/or the Guarantor must deliver to the Fiscal Agent an opinion of a recognised independent tax counsel delivered which confirms that.

The Issuer may redeem the Bonds pursuant to this Condition 4(b)(ii) only in accordance with Condition 4(f).

- (iii) If a Regulatory Event occurs, the Issuer may call and redeem the Bonds (in whole but not in part) at their Early Redemption Amount at any time on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 10.

A "**Regulatory Event**" shall occur if the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) or any Successor Authority (as defined below) states in writing to the Guarantor that the Bonds (in whole or in part) no longer fulfil the requirements for regulatory capital for group solvency or single solvency purposes of the Guarantor or the solvency pursuant to the regulations for financial conglomerates. This applies only if at any time prior to such statement the Bonds did fulfil such requirements.

**"Successor Authority"** means any authority which becomes a successor in capacity of the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

The Issuer may redeem the Bonds pursuant to this Condition 4(b)(iii) only in accordance with Condition 4(f).

- (c) Early Redemption at the Option of the Issuer

- (i) Subject to § 4(f)(i), the Issuer may, upon giving not less than 30 nor more than 60 days' notice in accordance with paragraph (iii), redeem all but not some only of the Bonds at their principal amount plus accrued interest on the Optional Redemption Dates.

**"Optional Redemption Date"** means the

	Ersten Call-Rückzahlungstag (wie in § 3.1(a) definiert) und jeden darauf folgenden Variablen Zinszahlungstag.	First Optional Redemption Date (as defined in Condition 3.1(a)) and every subsequent Floating Interest Payment Date
(ii)	Die Emittentin kann, vorbehaltlich § 4(f)(i), nach ordentlicher Kündigung gemäß Absatz (iii) die Schuldverschreibungen insgesamt jedoch nicht nur teilweise zum Vorzeitigen Rückzahlungsbetrag zurückzahlen, falls die Garantin oder eine ihrer Tochtergesellschaften Gleichrangige Wertpapiere oder Nachrangige Wertpapiere begeben hat.	(ii) The Issuer may, subject to Condition 4(f)(i), upon giving not less than 30 nor more than 60 days' notice in accordance with paragraph (iii), redeem all but not some only of the Bonds at the Early Redemption Amount, if the Guarantor or any of its subsidiaries has issued Parity Securities or Junior Securities.
(iii)	Die ordentliche Kündigung erfolgt durch Bekanntmachung der Emittentin an die Anleihegläubiger gemäß § 10. Diese Kündigung ist unwiderruflich und in ihr wird bestimmt: <ul style="list-style-type: none"> <li>– die zur Rückzahlung anstehenden Schuldverschreibungen;</li> <li>– dass die Schuldverschreibungen insgesamt zurückgezahlt werden;</li> <li>– der Tag der Rückzahlung; und</li> <li>– der Betrag, zu dem die Schuldverschreibungen zurückgezahlt werden.</li> </ul>	(iii) The appropriate redemption notice is a notice given by the Issuer to the Bondholders in accordance with Condition 10. The notice shall be irrevocable and shall specify: <ul style="list-style-type: none"> <li>– the Bonds subject to redemption;</li> <li>– that such Bonds are to be redeemed in whole;</li> <li>– the date on which the Bond are to be redeemed; and</li> <li>– the amount at which such Bonds are to be redeemed.</li> </ul>
(iv)	Die Emittentin wird jeder Börse, an der die Schuldverschreibungen dann notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, umgehend Mitteilung über die Kündigung machen.	(iv) The Issuer will inform, if required by any stock exchange on which the Bonds are then listed, such stock exchange, as soon as possible of such redemption.
(d)	Die Anleihegläubiger sind nicht berechtigt, von der Emittentin eine vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen.	(d) The Bondholders shall not be entitled to put the Bonds for redemption.
(e)	Rückkauf	(e) Purchase The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be cancelled, held or resold.
	Die Emittentin, die Garantin oder jede ihrer jeweiligen Tochtergesellschaften können jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.  Die Emittentin oder die Garantin oder jede ihrer jeweiligen Tochtergesellschaften kann die Schuldverschreibungen gemäß diesem § 4(e) nur nach Maßgabe von § 4(f) zurückkaufen.	The Issuer or the Guarantor or any of their respective subsidiaries may purchase the Bonds in accordance with this Condition 4(e) only in accordance with Condition 4(f).
(f)	Einschränkung des Kündigungsrechts und des Rückkaufs	(f) Limitation of termination rights and purchase
(i)	Der Emittentin steht das Recht zur Kündigung und Rückzahlung der Schuldverschreibungen gemäß § 4(b) oder § 4(c) nur dann zu, wenn der zurückzuzahlende Nennbetrag der Schuldverschreibungen durch die Einzahlung anderer, zumindest gleichwertiger aufsichtsrechtlicher Eigenmittel ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. die Nachfolgebehörde der Rückzahlung	(i) The Issuer may call and redeem the Bonds in accordance with Condition 4(b) or § 4(c) only if the principal amount of the Bonds to be redeemed has been replaced by other at least equivalent regulatory capital or if the Federal Financial Supervisory Authority or any Successor Authority has given its consent to the redemption.

zugestimmt hat.

- (ii) Den in § 4(e) genannten Personen steht das Recht zum Rückkauf der Schuldverschreibungen gemäß § 4(e) nur dann zu, wenn der zurückzukaufende Nennbetrag der Schuldverschreibungen durch die Einzahlung anderer, zumindest gleichwertiger aufsichtsrechtlicher Eigenmittel ersetzt worden ist oder die Bundesanstalt für Finanzdienstleistungsaufsicht bzw. die Nachfolgebehörde der Rückzahlung zugestimmt hat.
- Dies gilt nicht, soweit Tochterunternehmen der Emittentin oder der Garantin (x) die Schuldverschreibungen für fremde Rechnung oder (y) für Sondervermögen im Sinne von § 2 Abs. 2 i.V.m. § 30 InvG erwerben, es sei denn, Anteile an diesen Sondervermögen werden mehrheitlich von der Garantin oder einer ihrer Tochtergesellschaften gehalten.
- (iii) Sofern die Schuldverschreibungen unter anderen als den in diesem § 4 beschriebenen Umständen zurückgezahlt werden, ist der Betrag der Emittentin oder der Garantin ohne Rücksicht auf entgegenstehende Vereinbarungen zurückzugewähren.
- (g) Der "**Vorzeitige Rückzahlungsbetrag**" der Schuldverschreibungen ist im Falle einer Rückzahlung vor dem Ersten Call-Rückzahlungstag der Abgezinste Marktpreis, mindestens jedoch der Nennbetrag der Schuldverschreibungen und im Falle einer Rückzahlung zu einem späteren Zeitpunkt, der Nennbetrag der Schuldverschreibungen. Etwaige bis zum Rückzahlungstag (ausschließlich) aufgelaufene Zinsen und sämtliche Ausgesetzten Zahlungen werden bei einer solchen Rückzahlung ebenfalls fällig.
- Der "**Abgezinste Marktpreis**" wird von der Berechnungsstelle errechnet und entspricht der Summe der auf den Rückzahlungstag Abgezinsten Werte (wie nachstehend definiert) (i) des Nennbetrages der Schuldverschreibungen und (ii) der bis zum Ersten Call-Rückzahlungstag (ausschließlich) noch erfolgenden Zinszahlungen.
- Die "**Abgezinsten Werte**" werden von der Berechnungsstelle errechnet, indem der Nennbetrag der Schuldverschreibungen und bis zum Ersten Call-Rückzahlungstag verbleibende vorgesehene Zinszahlungen auf die Schuldverschreibungen auf jährlicher Basis, unter Zugrundelegung eines Jahres mit 365 Tagen bzw. eines Jahres mit 366 Tagen und der Zahl der tatsächlich in dem Jahr verstrichenen Tage und der Angepassten Vergleichbaren Rendite (wie nachstehend definiert) zuzüglich 0,80% abgezinst werden.
- Die "**Anangepasste Vergleichbare Rendite**" entspricht der am Rückzahlungs-Berechnungstag (wie nachstehend definiert) bestehenden Rendite
- (ii) The persons mentioned in Condition 4(e) may purchase the Bonds in accordance with Condition 4(e) only if the principal amount of the Bonds to be purchased has been replaced by other at least equivalent regulatory capital or if the Federal Financial Supervisory Authority or any Successor Authority has given its consent to the redemption.
- This does not apply if any such purchase is made by subsidiaries of the Issuer or the Guarantor for (x) the account of a third party or (y) funds (as defined for the purposes of § 2 Abs. 2 in connection with § 30 Investment Act (*Investmentgesetz*), unless the majority of the shares in the relevant fund are held by the Guarantor or one of its subsidiaries.
- (iii) If the Bonds are repaid in circumstances other than as described in this Condition 4, then, irrespective of any agreement to the contrary, the amount so repaid must be repaid to the Issuer or the Guarantor.
- (g) The "**Early Redemption Amount**" of the Bonds will in the case of a redemption prior to the First Optional Redemption Date be the greater of the Make-whole Amount and the principal amount of the Bonds, and, in the case of a redemption thereafter, the principal amount of the Bonds. Accrued interest to but excluding the date of redemption and any Deferred Payments shall also be payable on any such redemption.
- The "**Make-whole Amount**" will be calculated by the Calculation Agent and will equal the sum of the Present Values (as defined below) on the date of redemption of (i) the principal amount of the Bonds and (ii) the remaining scheduled payments of interest on the Bonds to but excluding the First Optional Redemption Date.
- The "**Present Values**" will be calculated by the Calculation Agent by discounting the principal amount of the Bonds and the remaining scheduled payments of interest to the First Optional Redemption Date on an annual basis, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such year and using the Adjusted Comparable Yield (as defined below) plus 0.80 per cent.
- The "**Adjusted Comparable Yield**" will be the yield at the Redemption Calculation Date (as defined below) on the euro benchmark security

einer von der Berechnungsstelle, im Einvernehmen mit der Emittentin, ausgewählten Euro-Referenz-Anleihe mit einer mit dem verbleibenden Zeitraum bis zum Ersten Call-Rückzahlungstag vergleichbaren Laufzeit. Dabei handelt es sich um die Rendite einer solchen Euro-Referenz-Anleihe, die im Zeitpunkt der Auswahlentscheidung und entsprechend der üblichen Finanzmarktpfaxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer mit dem Zeitraum bis zum Ersten Call-Rückzahlungstag vergleichbaren Laufzeit verwendet würde.

**"Rückzahlungs-Berechnungstag"** ist der dritte Geschäftstag vor dem Tag, an dem die Schuldverschreibungen nach Wahl der Emittentin gemäß § 4(b)(ii) und (iii) oder (c)(ii) zurückgezahlt werden.

## § 5 Zahlungen

- (a) Die Zahlung von Kapital und Zinsen auf Schuldverschreibungen erfolgt an das Clearing System oder zu dessen Gunsten zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearing Systems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt nach ordnungsgemäßer Bescheinigung gemäß § 1(b).
- (b) Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der Festgelegten Währung ist.
- (c) Die Emittentin bzw. die Garantin wird durch Leistung der Zahlung an das Clearing System oder zu dessen Gunsten von ihrer Zahlungspflicht befreit.
- (d) Fällt der Fälligkeitstag einer Zahlung in bezug auf eine Schuldverschreibung auf einen Tag, der kein Zahltag ist, dann hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächsten Zahltag am jeweiligen Geschäftsort. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.

Für diese Zwecke bezeichnet **"Zahltag"** einen Tag (außer einem Samstag oder Sonntag), an dem (i) das Clearing System und (ii) das Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System Zahlungen abwickeln.

- (e) Bezugnahmen in diesen Bedingungen auf Kapital der Schuldverschreibungen schließen, soweit anwendbar, die folgenden Beträge ein: den Vorzeitigen Rückzahlungsbetrag der Schuldverschreibungen, sowie jeden Aufschlag sowie sonstige auf oder in bezug auf die Schuldverschreibungen fälligen Beträge. Eine Bezugnahme in diesen Bedingungen auf Kapital oder Zinsen schließt jegliche zusätzlichen Beträge im Hinblick auf Kapital bzw. Zinsen ein, die gemäß

selected by the Calculation Agent, after consultation with the Issuer, as having a maturity comparable to the remaining term of the Bonds to the First Optional Redemption Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the First Optional Redemption Date.

**"Redemption Calculation Date"** means the third Business Day prior to the date on which the Bonds are redeemed at the option of the Issuer pursuant to Condition 4(b)(ii) and (iii) or (c)(ii), as the case may be.

## 5. Payments

- (a) Payment of principal and interest on the Bonds shall be made to the Clearing System or to its order for credit to the relevant account holders of the Clearing System. Payment of interest on Bonds represented by a Temporary Global Bond shall be made, upon due certification as provided in Condition 1(b).
- (b) Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Bonds shall be made in the freely negotiable and convertible currency which on the respective due date is the currency of the country of the Specified Currency.
- (c) The Issuer or, as the case may be, the Guarantor shall be discharged by payment to, or to the order of, the Clearing System.
- (d) If the due date for payment of any amount in respect of any Bond is not a Payment Business Day then the Bondholder shall not be entitled to payment until the next such day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, **"Payment Business Day"** means a day which is a day (other than a Saturday or a Sunday) on which both (i) the Clearing System, and (ii) the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System settle payments.

- (e) Reference in these Conditions to principal in respect of the Bonds shall be deemed to include, as applicable, the Early Redemption Amount of the Bonds and any premium and any other amounts which may be payable under or in respect of the Bonds. Any reference in these Conditions to principal or interest will be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under

§ 6 fällig sind.

- (f) Die Emittentin und die Garantin sind berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge bzw. fällige Beträge aus der Garantie zu hinterlegen, die von den Anleihegläubigern nicht innerhalb von zwölf Monaten nach dem maßgeblichen Fälligkeitstag beansprucht worden sind, auch wenn die Anleihegläubiger sich nicht in Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt, und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Anleihegläubiger gegen die Emittentin.

## § 6 Besteuerung

Sämtliche Zahlungen von Kapital und Zinsen in bezug auf die Schuldverschreibungen (einschließlich Zahlungen der Garantin unter der Garantie) werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet, die von den Niederlanden bzw. der Bundesrepublik Deutschland oder einer ihrer Gebietskörperschaften oder Behörden mit der Befugnis zur Erhebung von Steuern auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Einbehalt oder Abzug ist gesetzlich vorgeschrieben. Erfolgt ein solcher Einbehalt oder Abzug aufgrund einer Gesetzesänderung, wird die Emittentin bzw. die Garantin zusätzliche Beträge (die "**Zusätzlichen Beträge**") zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne Einbehalt oder Abzug erhalten hätten. Diese zusätzlichen Beträge sind jedoch nicht in bezug auf Schuldverschreibungen fällig, die:

- (a) von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, der solchen Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren in bezug auf diese Schuldverschreibungen dadurch unterliegt, dass er eine Verbindung zu den Niederlanden bzw. der Bundesrepublik Deutschland hat, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht; oder
- (b) von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, obwohl er solchen Einbehalt oder Abzug durch Vorlage eines Formulars oder einer Urkunde und/oder durch Abgabe einer Nichtansässigkeits-Erklärung oder Inanspruchnahme einer vergleichbaren Ausnahme oder Geltendmachung eines Erstattungsanspruches hätte vermeiden können; oder
- (c) später als 30 Tage nach dem Stichtag (wie nachstehend definiert) vorgelegt werden; oder
- (d) für den Fall von Einbehalten und Abzügen bei Zahlungen an Einzelpersonen, die gemäß der Richtlinie des Rates 2003/48/EG oder jeder anderen Richtlinie der Europäischen Union zur Besteuerung privater Zinserträge erfolgen, die die Beschlüsse der ECOFIN Versammlung vom 26. bis 27. November 2000 umsetzt oder aufgrund eines Gesetzes, das aufgrund dieser Richtlinie erlassen wurde, ihr entspricht oder eingeführt wurde, um einer solchen Richtlinie nachzukommen; oder

Condition 6.

- (f) The Issuer and the Guarantor may deposit with the lower court (*Amtsgericht*) in Frankfurt am Main principal or interest or payments due under the Guarantee not claimed by Bondholders within twelve months after the relevant due date, even though such Bondholders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Bondholders against the Issuer shall cease.

## 6. Taxation

All payments of principal and interest in respect of the Bonds (including payments by the Guarantor under the Guarantee) will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Netherlands or the Federal Republic of Germany (as the case may be) or any political subdivision or any authority of or in the Netherlands or the Federal Republic of Germany (as the case may be) that has power to tax, unless that withholding or deduction is required by law. In the event of such withholding or deduction as a result of any amendment to, or change in, the laws, the Issuer or the Guarantor (as the case may be) will pay such additional amounts the "**Additional Amounts**" as the Bondholders would have received if no such withholding or deduction had been required, except that no additional amounts will be payable in respect of any Bond if it is presented for payment:

- (a) by or on behalf of a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of that Bond by reason of it having some connection with the Netherlands or the Federal Republic of Germany (as the case may be) other than the mere holding of that Bond; or
- (b) by or on behalf of a Bondholder which would be able to avoid such withholding or deduction by presenting any form or certificate and/or making a declaration of non-residence or similar claim for exemption or refund but fails to do so; or
- (c) more than 30 days after the Relevant Date (as defined below); or
- (d) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (e) von einem Anleihegläubiger oder in dessen Namen zur Zahlung vorgelegt werden, der diesen Einbehalt oder Abzug durch Vorlage der Schuldverschreibung bei einer Zahlstelle in einem anderen Mitgliedstaat der Europäischen Union hätte vermeiden können.

In diesen Bedingungen ist der "Stichtag" entweder der Tag, und dem die betreffende Zahlung erstmals fällig wird, oder, falls nicht der gesamte fällige Betrag an oder vor diesem Fälligkeitstag bei dem Fiscal Agent eingegangen ist, der Tag, an dem, nach Erhalt des Gesamtbetrages, den Anleihegläubigern eine entsprechende Bekanntmachung in Übereinstimmung mit § 10 bekannt gemacht worden ist, wobei der später eintretende Tag maßgeblich ist.

## **§ 7 Vorlegung, Verjährung**

- (a) Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für fällige Schuldverschreibungen wird auf zehn Jahre verkürzt.
- (b) Die Verjährungsfrist für innerhalb der Vorlegungsfrist zur Zahlung vorgelegte Schuldverschreibungen beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

## **§ 8 Fiscal Agent, Berechnungsstelle und Zahlstellen**

- (a) Der Fiscal Agent, die Hauptzahlstelle, die weitere Zahlstelle und die Berechnungsstelle sind nachstehend mit den benannten anfänglichen Geschäftsstellen aufgeführt:

### **Fiscal Agent:**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10-14  
D-60272 Frankfurt am Main

### **Hauptzahlstelle:**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10-14  
D-60272 Frankfurt am Main

### **Zahlstelle:**

Deutsche Bank Luxembourg S.A.  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg

### **Berechnungsstelle:**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10-14  
D-60272 Frankfurt am Main

Die Bezeichnungen "**Zahlstellen**" und "**Zahlstelle**" schließt, soweit der Zusammenhang nichts anderes verlangt, die Hauptzahlstelle ein.

- (b) Die Emittentin und die Garantin behalten sich das Recht vor, die Ernennung des Fiscal Agent, der Hauptzahlstelle, der Zahlstellen und der Berechnungsstelle jederzeit anders zu regeln oder zu beenden und einen anderen Fiscal Agent oder zusätzliche oder andere Zahlstellen oder

- (e) by or on behalf of a Bondholder which would have been able to avoid such withholding or deduction by presenting the Bond to a Paying Agent in another Member State of the European Union.

In these Conditions, "**Relevant Date**" means whichever is the later of the date on which the payment in question first becomes due and, if the full amount payable has not been received by the Fiscal Agent on or prior to that due date, the date on which notice of receipt of the full amount has been given to the Bondholders in accordance with Condition 10.

## **7. Presentation, Prescription**

- (a) The period for presentation of Bonds due, as established in § 801 paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), is reduced to ten years.
- (b) The period for prescription for Bonds presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.

## **8. Fiscal Agent, Calculation Agent and Paying Agents**

- (a) The Fiscal Agent, the Principal Paying Agent, the other Paying Agent and the Calculation Agent and their respective initial specified offices are as follows:

### **Fiscal Agent:**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10-14  
D-60272 Frankfurt am Main  
Germany

### **Principal Paying Agent:**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10-14  
D-60272 Frankfurt am Main  
Germany

### **Paying Agent:**

Deutsche Bank Luxembourg S.A.  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg

### **Calculation Agent:**

Deutsche Bank Aktiengesellschaft  
Grosse Gallusstrasse 10-14  
D-60272 Frankfurt am Main  
Germany

The terms "**Paying Agents**" and "**Paying Agent**" shall include the Principal Paying Agent, unless the context requires otherwise.

- (b) The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, the Principal Paying Agent, any Paying Agent and the Calculation Agent and to appoint another Fiscal Agent or additional or other Paying Agents or other Calculation Agents provided

Berechnungsstellen zu ernennen. Sie werden sicherstellen, dass jederzeit (i) ein Fiscal Agent und eine Berechnungsstelle (ii) eine Zahlstelle (die die Hauptzahlstelle sein kann) mit einer Geschäftsstelle in einer Stadt auf dem europäischen Festland, (iii) eine Zahlstelle mit einer Geschäftsstelle außerhalb der Europäischen Gemeinschaft, (iv) eine Zahlstelle in einem Mitgliedsstaat der Europäischen Union, sofern dies in irgendeinem Mitgliedsstaat der Europäischen Union möglich ist, die nicht gemäß der Richtlinie 2003/48/EG des Rates oder einer anderen die Ergebnisse des Ministerrattreffens der Finanzminister der Europäischen Union vom 26.–27. November 2000 umsetzenden Richtlinie der Europäischen Union bezüglich der Besteuerung von Kapitaleinkünften oder gemäß eines Gesetzes, das eine solche Umsetzung bezweckt, zur Einbehaltung oder zum Abzug von Quellensteuern oder sonstigen Abzügen verpflichtet ist, und (v) so lange die Schuldverschreibungen an einer Börse notiert werden, eine Zahlstelle (die die Hauptzahlstelle sein kann) mit einer benannten Geschäftsstelle an dem von der betreffenden Börse vorgeschriebenen Ort bestimmt ist. Der Fiscal Agent, die Hauptzahlstelle, die Zahlstellen und die Berechnungsstelle behalten sich das Recht vor, jederzeit anstelle ihrer jeweils benannten Geschäftsstelle eine andere Geschäftsstelle in derselben Stadt zu bestimmen. Bekanntmachungen hinsichtlich aller Veränderungen im Hinblick auf den Fiscal Agent, die Hauptzahlstelle, die Zahlstellen erfolgen unverzüglich durch die Emittentin gemäß § 10.

- (c) Der Fiscal Agent, die Hauptzahlstelle, die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin bzw. der Garantin und übernehmen keinerlei Verpflichtungen gegenüber dem Anleihegläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Anleihegläubiger begründet.

## § 9 Schuldnerersetzung

- (a) Ersetzung

Die Garantin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger, sich selbst oder eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), die direkt oder indirekt von der Garantin kontrolliert wird, als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "Neue Emittentin"), sofern

- (i) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt und, sofern eine Zustellung an die Neue Emittentin außerhalb der Bundesrepublik Deutschland erfolgen müsste, einen Zustellungsbevollmächtigten in der

that they will at all times maintain (i) a Fiscal Agent and a Calculation Agent, (ii) a Paying Agent (which may be the Principal Paying Agent) with a specified office in a continental European city, (iii) a Paying Agent with a specified office outside the European Union, (iv) a Paying Agent in an EU member state, if any, that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive, and (v) so long as the Bonds are listed on a stock exchange, a Paying Agent (which may be the Principal Paying Agent) with a specified office in such city as may be required by the rules of the relevant stock exchange. The Fiscal Agent, the Principal Paying Agent, the Paying Agents reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Fiscal Agent, the Principal Paying Agent, any Paying Agent and the Calculation Agent will be given promptly by the Issuer to the Bondholders in accordance with Condition 10.

- (c) The Fiscal Agent, the Principal Paying Agent, any Paying Agent and the Calculation Agent act solely as agents of the Issuer and the Guarantor, respectively, and do not assume any obligations towards or relationship of agency or trust for the Bondholder.

## 9. Substitution

- (a) Substitution

The Guarantor may at any time, without the consent of the Bondholders, substitute for the Issuer itself or any other company (other than an insurance undertaking) which is directly or indirectly controlled by the Issuer, as new issuer (the "New Issuer") in respect of all obligations arising under or in connection with the Bonds with the effect of releasing the Issuer of all such obligations, if:

- (i) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Bonds and, if service of process vis-à-vis the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;

Bundesrepublik Deutschland bestellt;

- (ii) die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten hat;
- (iii) die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in der Festgelegten Währung an das Clearing System zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden; und
- (iv) die Garantin (außer in dem Fall, dass sie selbst die Neue Emittentin ist) unbedingt und unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde.

Wenn die Garantin selbst Neue Emittentin geworden ist, ist eine weitere Schuldnerersetzung ausgeschlossen.

(b) Bezugnahmen

Im Fall einer Schuldnerersetzung gemäß Absatz (a) gilt jede Bezugnahme in diesen Bedingungen auf die Emittentin als eine solche auf die Neue Emittentin und jede Bezugnahme auf die Niederlande als eine solche auf den Staat, in welchem die Neue Emittentin steuerlich ansässig ist.

(c) Bekanntmachung und Wirksamwerden der Ersetzung

Die Ersetzung der Emittentin ist gemäß § 10 bekanntzumachen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Fall einer wiederholten Anwendung dieses § 9 jede frühere Neue Emittentin von ihren sämtlichen Verpflichtungen aus den Schuldverschreibungen frei. Im Fall einer solchen Schuldnerersetzung werden die Wertpapierbörsen informiert, an denen die Schuldverschreibungen notiert sind, und eine Ergänzung zu dem Information Memorandum mit einer Beschreibung der Neuen Emittentin erstellt.

**§ 10 Bekanntmachungen**

- (a) Alle die Schuldverschreibungen betreffenden Bekanntmachungen gelten als wirksam erfolgt, sofern sie im Fall von Schuldverschreibungen, die an der Luxemburger Börse notiert sind (für die Dauer ihrer Notierung und soweit es die

- (ii) the New Issuer has obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Bonds;
- (iii) the New Issuer is in the position to pay to the Clearing System or to the Fiscal Agent in the Specified Currency and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Bonds; and
- (iv) the Guarantor (except in the case that the Guarantor itself is the New Issuer) irrevocably and unconditionally guarantees such obligations of the New Issuer under the Bonds on terms which ensure that each Bondholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place.

If the Guarantor has become the New Issuer, any further substitution of the issuer shall be excluded.

(b) References

In the event of a substitution pursuant to paragraph (a), any reference in these Conditions to the Issuer shall be a reference to the New Issuer and any reference to the Netherlands shall be a reference to the New Issuer's country of domicile for tax purposes.

(c) Notice and Effectiveness of Substitution

Notice of any substitution of the Issuer shall be given by publication in accordance with Condition 10. Upon such publication, the substitution shall become effective, and the Issuer and in the event of a repeated application of this Condition 9, any previous New Issuer shall be discharged from any and all obligations under the Bonds. In the case of such substitution, the stock exchange(s), if any, on which the Bonds are then listed will be notified and a supplemental Information Memorandum describing the New Issuer will be prepared.

**10. Notices**

- (a) Notices to Bondholders will be deemed to be validly given in the case of any Bonds which are listed on the Luxembourg Stock Exchange (so long as such Bonds are listed on the Luxembourg Stock Exchange and that the rules of such exchange so

Bestimmungen dieser Börse verlangen), in einer führenden Tageszeitung mit allgemeiner Verbreitung in Luxemburg (voraussichtlich im "Luxemburger Wort") erfolgen. Die Emittentin wird sicherstellen, dass alle Bekanntmachungen ordnungsgemäß in Übereinstimmung mit den Erfordernissen der zuständigen Stellen der jeweiligen Börsen, an denen die Schuldverschreibungen notiert sind, erfolgen. Jede derartige Bekanntmachung gilt mit dem Tage der ersten Veröffentlichung als wirksam erfolgt.

- (b) Die Emittentin ist berechtigt, eine Zeitungsveröffentlichung nach Absatz(a) durch eine Mitteilung an das Clearing System zur Weiterleitung an die Anleihegläubiger zu ersetzen, vorausgesetzt, dass in Fällen, in denen die Schuldverschreibungen an einer Börse notiert sind, die Regeln dieser Börse diese Form der Mitteilung zulassen. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearing System als den Anleihegläubigern mitgeteilt.

## § 11 Begebung weiterer Schuldverschreibungen

Die Emittentin behält sich das Recht vor, ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme der ersten Zinszahlung) wie die vorliegenden Schuldverschreibungen zu begeben, so dass sie mit diesen eine Einheit bilden. Der Begriff "**Schuldverschreibungen**" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

## § 12 Anwendbares Recht, Erfüllungsort und Gerichtsstand

- (a) Form und Inhalt der Schuldverschreibungen und der Garantie sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland. Erfüllungsort ist Frankfurt am Main.
- (b) Nicht-ausschließlicher Gerichtsstand für alle sich aus den in diesen Bedingungen geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Emittentin und für alle sich aus den in der Garantie geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Garantin ist Frankfurt am Main.
- (c) Die Gerichte der Bundesrepublik Deutschland sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Schuldverschreibungen.
- (d) Die Anleihegläubiger sind auch berechtigt, ihre Ansprüche gegenüber der Emittentin vor Gerichten im Land der jeweiligen Emittentin geltend zu machen. Auch in diesen Fällen ist das Recht der Bundesrepublik Deutschland anzuwenden. Für etwaige Rechtsstreitigkeiten, die zwischen den Anleihegläubigern und der Emittentin vor Gerichten in der Bundesrepublik Deutschland geführt werden, hat die Emittentin die Allianz Aktiengesellschaft, München, Bundesrepublik Deutschland, zur

require), in a leading newspaper having general circulation in Luxembourg (which is expected to be the "Luxemburger Wort"). The Issuer shall also ensure that notices are duly published in compliance with the requirements of the relevant authority of each stock exchange on which the Bonds are listed. Any notice so given will be deemed to have been validly given on the date of first such publication.

- (b) The Issuer may, in lieu of publication in the newspapers set forth in paragraph (a) above, deliver the relevant notice to the Clearing System, for communication by the Clearing System to the Bondholders, provided that, so long as any Bonds are listed on any stock exchange, the rules of such stock exchange permit such form of notice. Any such notice shall be deemed to have been given to the Bondholders on the seventh day after the day on which the said notice was given to the Clearing System.

## 11. Further Issues

The Issuer reserves the right from time to time, without the consent of the Bondholders to issue additional notes with identical terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest, if any, on them) so as to be consolidated and form a single series with such Bonds. The term "**Bonds**" shall, in the event of such further issue, also comprise such further notes.

## 12. Applicable Law, Place of Performance and Jurisdiction

- (a) The form and content of the Bonds and the Guarantee as well as all the rights and duties arising therefrom are governed exclusively by the laws of the Federal Republic of Germany. Place of performance is Frankfurt am Main.
- (b) Non-exclusive court of venue for all litigation with the Issuer arising from the legal relations established in these Conditions and for all litigation with the Guarantor arising from the legal relations established under the Guarantee is Frankfurt am Main.
- (c) The courts in the Federal Republic of Germany shall have exclusive jurisdiction over the annulment of lost or destroyed Bonds.
- (d) The Bondholders are also entitled to assert their claims against the Issuer before courts in the jurisdiction of incorporation of the Issuer. In such cases the laws of the Federal Republic of Germany shall be applied. For litigation, if any, between the Bondholders and the Issuer which is brought before courts in the Federal Republic of Germany, the Issuer has appointed Allianz Aktiengesellschaft, Munich, Federal Republic of Germany, as agent for

Zustellungsbevollmächtigten bestellt.

service of process.

### **§ 13 Sprache**

Diese Bedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

### **13. Language**

These Conditions are written in the German language and provided with a English language translation. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

## TERMS AND CONDITIONS OF THE WARRANTS

The following are the Terms and Conditions of the Warrants which are printed for information purposes only. The Warrants were detached from the Bonds in their entirety on 17 February 2005 and are not listed on the Luxembourg Stock Exchange or any other stock exchange and are not the subject of this Listing Prospectus.

### **Optionsscheinbedingungen (die "Optionsbedingungen")**

#### **§ 1 Form**

- (a) Die Allianz Aktiengesellschaft, München (die "**Emittentin**") begibt Stück 11.200.000 (in Worten: elf Millionen zweihunderttausend) auf den Inhaber lautende Optionsscheine (die "**Optionsscheine**"), mit Optionsrecht auf vinkulierte, auf den Namen lautende Stückaktien der Emittentin mit einem anteiligen Betrag des Grundkapitals der Emittentin von EUR 2,56 je Aktie (am Tag der Begebung der Optionsscheine), die mit uneingeschränkter Dividendenberechtigung für das Geschäftsjahr ihrer Ausgabe und alle folgenden Geschäftsjahre ausgestattet sind, jedoch nicht für das vergangene Geschäftsjahr, selbst wenn eine Dividende dafür noch nicht ausgeschüttet worden ist, und die zunächst eine eigene Wertpapierkennung haben können (die "**Optionsaktien**").
- (b) Die Optionsscheine sind durch einen Globaloptionsschein (der "**Globaloptionsschein**") verbrieft. Der Globaloptionsschein trägt die eigenhändigen oder faksimilierten Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und ist von der Deutsche Bank Aktiengesellschaft mit einer Kontrollunterschrift versehen. Ein Recht der Optionsscheingläubiger auf Ausgabe und Lieferung von Einzelurkunden besteht nicht.
- (c) Der Globaloptionsschein wird solange von einem Clearingsystem oder im Auftrag eines Clearingsystems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Optionsscheinen erfüllt sind.
- (d) Den Optionsscheingläubigern stehen Miteigentumsanteile bzw. Rechte an dem

### **Terms and Conditions of the Warrants (the "Terms and Conditions")**

#### **§ 1 Form**

- (a) Allianz Aktiengesellschaft, Munich (the "**Issuer**") issues 11,200,000 (in words: eleven million two hundred thousand) bearer warrants (the "**Warrants**") exercisable into no-par value registered shares with restricted transferability of the Issuer, with a current notional par value of EUR 2,56 per share (on the issue date of the Warrants) to which rights to full dividends for the fiscal year in which they are issued and all following fiscal years are attached, but not for the previous fiscal year even if a dividend therefor has not been paid yet, and may initially carry a separate securities code (the "**Settlement Shares**").
- (b) The Warrants are represented by a Global Warrant (the "**Global Warrant**"). The Global Warrant shall bear the manual or in facsimile signatures of two authorised signatories of the Issuer and shall each be authenticated by Deutsche Bank Aktiengesellschaft. The right of the Warrantholders to require the issue and delivery of definitive warrants is excluded.
- (c) The Global Warrant will be deposited by or on behalf of a clearing system until all obligations of the Issuer under the Warrants have been satisfied.
- (d) The Warrantholders will receive proportional co-ownership participations or rights in the

Globaloptionsschein zu, die nach Maßgabe des anwendbaren Rechts und der Regeln und Bestimmungen des betreffenden Clearingsystems übertragen werden können.

"**Optionsscheingläubiger**" bezeichnet den Inhaber eines Miteigentumsanteils oder eines anderen vergleichbaren Rechts an dem Globaloptionsschein.

## § 2 Ausübungszeitraum, Rückkauf

- (a) Das Optionsrecht (wie in § 3(a)(i) definiert) kann durch einen Optionsscheingläubiger ab dem 30. März 2005 (einschließlich) bis 16.00 Uhr Frankfurt am Main Zeit (die "**Verfallzeit**") am 15. Februar 2008 (der "**Verfalltag**") ausgeübt werden (der "**Ausübungszeitraum**") wobei nach 16.00 Uhr eingehende Ausübungserklärungen als am nächsten Geschäftstag eingehend gelten. Wenn der Verfalltag auf einen Tag fällt, der kein Geschäftstag ist, ist der Verfalltag der Geschäftstag, der unmittelbar vor diesem Tag liegt. Wenn der Verfalltag in einen Ausschlusszeitraum fällt, ist der Verfalltag der letzte Geschäftstag vor dem Beginn eines solchen Ausschlusszeitraums.
- (b) Die Emittentin ist berechtigt, Optionsscheine im Markt oder anderweitig und zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Optionsscheine können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder an die Optionsstelle zwecks Entwertung übertragen werden.
- (c) In diesen Optionsbedingungen bezeichnet "**Geschäftstag**" jeden Tag (außer einem Samstag oder Sonntag), an dem (i) das Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System geöffnet ist, (ii) das betreffende Clearingsystem Zahlungen abwickelt und an dem (iii) Geschäftsbanken in Frankfurt am Main und London für den allgemeinen Geschäftsverkehr geöffnet sind und Zahlungen in Euro abwickeln;
- (d) Die Ausübung des Optionsrechts ist während

Global Warrant, which are transferable in accordance with applicable law and the rules and regulations of the relevant clearing system.

"**Warrantholder**" means the holder of a co-ownership participation or other comparable right in the Global Warrant.

## § 2 Exercise Period, Purchase

- (a) The Option Right (as defined in § 3(a)(i)) may be exercised by a Warrantholder during the period commencing on 30 March 2005 (inclusive) and ending on 15 February 2008 (the "**Expiration Date**") at 4 p.m. Frankfurt am Main time (the "**Expiration Time**") (the "**Exercise Period**"). An Exercise Notice delivered after 4 p.m. shall be deemed to be delivered on the immediately following Business Day. If the Expiration Date falls on a day which is not a Business Day, the Expiration Date will be the Business Day immediately preceding such day. If the Expiration Date falls in an Excluded Period, the Expiration Date shall be the last Business Day prior to the commencement of such Excluded Period.
- (b) The Issuer may at any time purchase Warrants in the open market or otherwise and at any price. Warrants purchased by the Issuer may, at the option of the Issuer, be held, resold or transferred to the Warrant Agent for cancellation.
- (c) In these Terms and Conditions "**Business Day**" means a day (other than a Saturday or Sunday) on which (i) the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) System is open; (ii) the relevant clearing system settles payments; and (iii) commercial banks in Frankfurt am Main and London are open for general business and settle payments in euro.
- (d) The exercise of the Option Right will be

der nachfolgenden Zeiträume (jeder ein "Ausschlusszeitraum") ausgeschlossen:

- (i) anlässlich von Hauptversammlungen der Emittentin während eines Zeitraums, der an dem siebten Tag vor dem letzten für die Anmeldung zur Teilnahme an der Hauptversammlung bestimmten Tag beginnt, und der an dem Geschäftstag nach der Hauptversammlung endet;
- (ii) während eines Zeitraums von 14 Tagen, der mit dem Ende des Geschäftsjahres der Emittentin endet; und
- (iii) während eines Zeitraums ab dem Tag (einschließlich), an dem die Emittentin ein Angebot an ihre Aktionäre zum Bezug von Aktien, Optionsrechten auf eigene Aktien oder von Schuldverschreibungen mit Umtausch- oder Optionsrechten oder Umtausch- oder Optionspflichten oder von Genusssscheinen (einschließlich Angebote im Hinblick auf Abspaltungen (§ 123 Absatz 2 UmwG) in einem überregionalen Pflichtblatt einer der deutschen Wertpapierbörsen, an denen die Aktie der Emittentin zum Handel zugelassen ist, oder im Bundesanzeiger oder vom Bundesanzeiger in elektronischer Form veröffentlicht (die erste Veröffentlichung ist maßgebend), bis zum letzten Tag der für die Ausübung des Bezugsrechts bestimmten Frist (einschließlich).

### § 3 Ausübung des Optionsrechts

#### (a) Optionsrecht

- (i) Jeder Optionsschein berechtigt den Optionsscheingläubiger, bei Ausübung des dem Optionsschein zugehörigen Optionsrechts (das "**Optionsrecht**"), nach Maßgabe dieser Optionsbedingungen eine Optionsaktie gegen Zahlung des Ausübungspreises zu beziehen.

excluded during any of the following periods (each an "**Excluded Period**"):

- (i) in connection with any shareholders' meeting of the Issuer, a period commencing on the seventh day prior to the last day for notification of participation in the shareholders' meeting (*Anmeldung*) and ending on the Business Day following such shareholders' meeting;
- (ii) a period of 14 days ending with the end of the financial year of the Issuer; and
- (iii) a period commencing on and including the day on which an offer by the Issuer to its shareholders inviting them to subscribe to shares, warrants on own shares or bonds with conversion or option rights or obligations or profit participation rights (including but not limited to offers regarding spin-offs (§ 123 paragraph 2 of the German Transformation Act (*Umwandlungsgesetz*); (*Abspaltung*)) is published in a mandatory newspaper of one of the German stock exchanges where the share of the Issuer is admitted for trading, or in the German Federal Gazette (*Bundesanzeiger*) or by the German Federal Gazette via electronic information (whichever is earlier), and ending on and including the last day of the subscription period.

### § 3 Exercise of the Option Right

#### (a) Option Right

- (i) Each Warrant entitles the Warrantholder, upon the exercise of the option right attached to such Warrant (the "**Option Right**"), to receive one Settlement Share against payment of the Strike Price in accordance with the provisions of these Terms and Conditions.

- |  |   |
|--|---|
| <p>(ii) Der Ausübungspreis je Optionsaktie beträgt EUR 92,00. Dieser Betrag unterliegt gegebenenfalls Anpassungen nach Maßgabe dieser Optionsbedingungen. Der jeweils angepasste Ausübungspreis wird in diesen Optionsbedingungen als "<b>Ausübungspreis</b>" bezeichnet.</p> <p>(b) Ausübung des Optionsrechts</p> <p>(i) Zur Ausübung des Optionsrechts muss der Optionsscheingläubiger während des Ausübungszeitraums auf eigene Kosten bei der Optionsstelle eine ordnungsgemäß ausgefüllte und unterzeichnete Ausübungserklärung (die "<b>Ausübungserklärung</b>") unter Verwendung eines dann gültigen Vordrucks, der bei der Optionsstelle erhältlich ist, einreichen. Die Ausübungserklärung darf der Optionsstelle nicht später als am Verfalltag zur Verfallzeit zugehen. Die Ausübungserklärung ist unwiderruflich und hat unter anderem zur Eintragung in das Aktienregister der Emittentin (das "<b>Aktienregister</b>") die folgenden Angaben zu enthalten:</p> <ul style="list-style-type: none"> <li>(A) Namen, Geburtsdatum und Adresse (natürliche Personen) bzw. Firma, Firmensitz und Adresse (juristische Personen) des ausübenden Optionsscheingläubigers;</li> <li>(B) die Anzahl der Optionsscheine, für die das Optionsrecht ausgeübt werden soll;</li> <li>(C) den Gesamtbetrag des Ausübungspreises der Optionsscheine, für die das Optionsrecht ausgeübt werden soll;</li> <li>(D) das Wertpapierdepotkonto des Optionsscheingläubigers und seine Depotbank in Deutschland, auf das die Optionsaktien</li> </ul> | <p>(ii) The strike price per Settlement Share is EUR92.00 which amount is subject to adjustment in accordance with these Terms and Conditions The Strike Price as from time to time adjusted is referred to in these Terms and Conditions as the "<b>Strike Price</b>".</p> <p>(b) Exercise of Option Right</p> <p>(i) To exercise the Option Right, the Warrantholder must deliver at its own expense during the Exercise Period to the Warrant Agent a duly completed and executed exercise notice (the "<b>Exercise Notice</b>") using a form (from time to time current) obtainable from the Warrant Agent which must be received by the Warrant Agent not later than on the Expiration Date at the Expiration Time. The Exercise Notice is irrevocable and will, also with respect to the registration in the Issuer's share register (the "<b>Share Register</b>"), among other things:</p> <ul style="list-style-type: none"> <li>(A) state the name, date of birth and address (natural persons) or name, domicile and address (legal persons) of the exercising Warrantholder;</li> <li>(B) specify the number of Warrants with respect to which the Option Right is being exercised;</li> <li>(C) specify the aggregate amount of the Strike Price of Warrants with respect to which the Option Right is being exercised;</li> <li>(D) designate the securities deposit account of the Warrantholder and its depository bank in Germany to which the Settlement Shares are to be</li> </ul> |
|--|---|

- übertragen werden sollen;
- (E) Anweisungen an die Optionsstelle bezüglich der Zahlung von Barbeträgen, die der Optionsscheingläubiger nach diesen Optionsbedingungen zu erhalten berechtigt ist und die auf ein vom Zahlungsempfänger unterhaltenes, auf Euro lautendes Konto bei einer Bank in der Europäischen Union zu überweisen sind; und
- (F) in dem Vordruck der Ausübungserklärung geforderte Bestätigungen und Verpflichtungserklärungen über bestimmte rechtliche Beschränkungen bezüglich des Eigentums der Optionsscheine bzw. Optionsaktien. Sofern der Optionsscheingläubiger die vorstehend genannten Bestätigungen und Verpflichtungserklärungen nicht beibringt, wird die Optionsstelle in Bezug auf eine solche Ausübungserklärung keine Optionsaktien liefern oder Zahlungen leisten.
- (ii) Die Ausübung des Optionsrechts setzt außerdem voraus,
- (A) dass die Optionsscheine, für die das Optionsrecht ausgeübt werden soll, nicht später als am letzten Tag des Ausübungszeitraums an die Optionsstelle geliefert werden und zwar durch Lieferung der Optionsscheine auf das Konto der Optionsstelle bei dem betreffenden Clearingsystem (Umbuchung bzw. Abtretung), und
- (B) dass der vollständige Betrag des Ausübungspreises für die in der Ausübungserklärung angegebene
- delivered;
- (E) give directions to the Warrant Agent for the payment of any cash amount which the Warrantholder is entitled to receive pursuant to these Terms and Conditions and which is to be paid by way of transfer to a euro account of the payee maintained with a bank in the European Union; and
- (F) contain the certifications and undertakings set out in the form of the Exercise Notice relating to certain legal restrictions on the ownership of the Warrants and/or the Settlement Shares. If the Warrantholder fails to deliver the above mentioned certifications and undertakings, the Warrant Agent will not deliver any Settlement Shares or pay any amount of cash in respect of the Exercise Notice.
- (ii) The exercise of the Option Right will further require
- (A) that the Warrants to be exercised be delivered not later than on the last day of the Exercise Period to the Warrant Agent by transferring the Warrants to the relevant clearing system account of the Warrant Agent (book entry transfer or assignment), and
- (B) that the full amount of the Strike Price for the number of Warrants specified in the Exercise Notice

Anzahl von Optionsscheinen auf das in dem Vordruck der Ausübungserklärung angegebene Konto der Optionsstelle spätestens am letzten Tag des Ausübungszeitraums gezahlt wird, und zwar frei von Provisionen, Überweisungsgebühren und sonstigen Abzügen.

- (iii) Das Optionsrecht ist an dem Geschäftstag wirksam ausgeübt, an dem die letzte der in § 3(b)(i) und (ii) genannten Voraussetzungen für die Ausübung des Optionsrechts durch den Optionsscheingläubiger erfüllt ist (der "**Ausübungstag**"). Für den Fall jedoch, dass dieser Geschäftstag in einen Ausschlusszeitraum fällt, ist der Ausübungstag, vorbehaltlich § 2(a), der erste Geschäftstag nach dem Ende dieses Ausschlusszeitraums.
- (c) Lieferung der Optionsaktien
- (i) Die Optionsstelle ist bevollmächtigt, die Bezugserklärung gemäß § 198 Abs. 1 Aktiengesetz im Namen der ausübenden Optionsscheingläubiger abzugeben.
  - (ii) Nach Zugang der Ausübungserklärung hat die Optionsstelle die zu liefernden Optionsaktien spätestens an dem vierten Geschäftstag nach dem Ausübungstag (der "**Lieferungstag**") auf das in der Ausübungserklärung angegebene Wertpapierdepotkonto des Optionsscheingläubigers zu übertragen.

is paid to the account of the Warrant Agent specified in the form of the Exercise Notice, free of any commissions, remittance charges or other reductions not later than on the last day of the Exercise Period.

- (iii) The Option Right will be validly exercised on the Business Day on which the last of the prerequisites specified in § 3(b)(i) and (ii) for the exercise of the Option Right at the option of the Warrantholder have been fulfilled (the "**Exercise Date**"). In the event that such Business Day falls within an Excluded Period, then the Exercise Date shall, subject to § 2(a), be the first Business Day after the end of such Excluded Period.
- (c) Delivery of Settlement Shares
- (i) The Warrant Agent is authorised to deliver the subscription certificate pursuant to § 198(1) German Stock Corporation Act (*Aktiengesetz*) as representative of the exercising Warrantholders.
  - (ii) Upon receipt of the Exercise Notice the Warrant Agent will deliver the relevant Settlement Shares no later than on the fourth Business Day following the Exercise Date (such date the "**Delivery Date**") by transferring the Settlement Shares to a securities deposit account of the Warrantholder designated in the Exercise Notice.

(iii) Die Emittentin zahlt sämtliche etwaigen Steuern oder sonstigen Abgaben, die im Zusammenhang mit der Ausübung des Optionsrechts oder der Lieferung der Optionsaktien durch die Optionsstelle anfallen. Die Emittentin ist nicht verpflichtet, für Steuern oder sonstige Abgaben aufzukommen, wenn der Optionsscheingläubiger diese Steuern oder sonstigen Abgaben rechtmäßig vermeiden könnte.

#### **§ 4 Aktien, Eintragung**

- (a) Die Optionsaktien, die nach Ausübung des Optionsrechts durch einen Optionsscheingläubiger erworben werden, werden aus einem gemäß der Hauptversammlung der Emittentin vom 5. Mai 2004 geschaffenen bedingten Kapital im Gesamtnennbetrag von bis zu € 250.000.000 stammen. Die Emittentin wird die Optionsaktien über die Optionsstelle bereitstellen.
- (b) Die Eintragung des Optionsscheingläubigers als Inhaber der entsprechenden Anzahl von Optionsaktien in das Aktienregister erfolgt nach Maßgabe der gesetzlichen Bestimmungen und der Satzung und Verfahrensweisen der Emittentin.

Die Eintragung des jeweiligen Optionsscheingläubigers in das Aktienregister ist von der Zustimmung der Emittentin abhängig. Die Zustimmung kann von der Emittentin nur aus wichtigem Grund versagt werden.

Bis zur Eintragung im Aktienregister, bzw. wenn die Emittentin die Eintragung verweigert, kann der Optionsscheingläubiger keine Aktionärsrechte aus den Optionsaktien ausüben (einschließlich des Rechts auf Erhalt von Dividenden oder der Ausübung von Stimmrechten etc.).

#### **§ 5 Verwässerungsschutz**

- (a)
- (i) Wenn die Emittentin vor dem letzten Tag des Ausübungszeitraums ihr

(iii) The Issuer shall pay all taxes and duties, if any, which may be imposed in connection with the exercise of the Option Right or the delivery of the Settlement Shares by the Warrant Agent provided that the Issuer will not be required to pay any such taxes or duties to the extent the Warrantholder could lawfully avoid such taxes or duties.

#### **§ 4 Shares, Registration**

- (a) The Settlement Shares acquired following the exercise by a Warrantholder of its Option Right will derive from a conditional capital of the Issuer in the aggregate nominal amount of up to € 250,000,000 created by resolution of its shareholders' meeting on 5 May 2004. The Issuer will procure delivery of the Settlement Shares through the Warrant Agent.

- (b) The registration of the Warrantholder in the Share Register as holder of the relevant number of Settlement Shares will take place in accordance with statutory provisions and the articles of association and procedures of the Issuer.

The registration in the Share Register of the relevant Warrantholder requires the consent of the Issuer. The Issuer can refuse such consent on the basis of an important reason (*aus wichtigem Grund*).

Until registration in the Share Register, or if the Issuer refuses the registration, respectively, a Warrantholder will not be able to exercise any shareholder's rights with respect to the Settlement Shares (including, but not limited to, the right to receive dividends and to exercise voting rights).

#### **§ 5 Dilution Adjustment**

- (a)
- (i) In the event that prior to the last day of the Exercise Period the Issuer increases

Grundkapital durch Umwandlung von Kapitalrücklagen oder von Gewinnrücklagen erhöht, wird der Ausübungspreis gemäß der nachstehenden Formel angepasst:

$$SP_a = SP \times \frac{No}{Nn}$$

Dabei gilt folgendes:

$SP_a$  = der angepasste Ausübungspreis;

$SP$  = der Ausübungspreis am Stichtag;

$Nn$  = die Anzahl von ausstehenden Aktien der Emittentin nach der Kapitalerhöhung; und

$No$  = die Anzahl von ausstehenden Aktien der Emittentin vor der Kapitalerhöhung.

Wenn die Kapitalerhöhung durch Umwandlung von Kapitalrücklagen oder von Gewinnrücklagen nicht durch die Ausgabe neuer Aktien sondern mittels einer Erhöhung des jeweiligen auf die einzelne Aktie entfallenden anteiligen Betrages des Grundkapitals bewirkt wird (§ 207 Absatz 2 Satz 2 Aktiengesetz), so bleibt der Ausübungspreis unverändert.

- (ii) Wenn die Emittentin vor dem letzten Tag des Ausübungszeitraums:
  - (A) die Zahl der ausstehenden Aktien durch Herabsetzung des auf die einzelne Aktie entfallenden anteiligen Betrages des Grundkapitals erhöht (Aktiensplit) oder die Anzahl der ausstehenden Aktien reduziert, indem der auf die einzelne Aktie entfallende anteilige Betrag des Grundkapitals erhöht wird, ohne das Grundkapital herabzusetzen (umgekehrter Aktiensplit); oder
  - (B) ihr Grundkapital durch Zusammenlegung ihrer Aktien

its share capital out of capital reserves or retained earnings, the Strike Price will be adjusted in accordance with the following formula:

$$SP_a = SP \times \frac{No}{Nn}$$

where:

$SP_a$  = the adjusted Strike Price;

$SP$  = the Strike Price on the Record Date;

$Nn$  = the number of shares of the Issuer outstanding after the share capital increase; and

$No$  = the number of shares of the Issuer outstanding before the share capital increase.

If the share capital increase out of capital reserves or retained earnings is not effected by means of the issuance of new shares but by means of an increase in the portion of the share capital allotted to each share (§ 207 paragraph 2 sentence 2 of the German Stock Corporation Act), the Strike Price will remain unchanged.

- (ii) In the event that prior to the last day of the Exercise Period the Issuer:
  - (A) increases the number of outstanding shares by reduction of the interest in the share capital represented by each share (share split) or reduces the number of outstanding shares by increasing the interest in the share capital represented by each share without reducing the share capital (reverse share split); or
  - (B) reduces its share capital by

herabsetzt,

wird der Ausübungspreis unter Anwendung von § 5(a)(i) angepasst, soweit sich aus den nachstehenden Regelungen nichts anderes ergibt.

- (iii) Im Falle einer Herabsetzung des Grundkapitals der Emittentin vor dem letzten Tag des Ausübungszeitraums allein durch Herabsetzung des auf die einzelne Aktie entfallenden anteiligen Betrages des Grundkapitals bleibt der Ausübungspreis unverändert.
- (b) Wenn die Emittentin vor dem letzten Tag des Ausübungszeitraums unter Einräumung eines unmittelbaren oder mittelbaren Bezugsrechts an ihre Aktionäre ihr Grundkapital mittels der Ausgabe neuer Aktien gegen Einlagen erhöht (§§ 182, 186 Aktiengesetz), ohne gleichzeitig den Optionsscheingläubigern ein entsprechendes Bezugsrecht auf neue Aktien zu gewähren, wird der Ausübungspreis wie folgt angepasst:

$$SP_a = SP \times \left[ \frac{N_o}{N_n} \times \left( 1 - \frac{E + D}{K} \right) + \frac{E + D}{K} \right]$$

Dabei gilt folgendes:

- $SP_a$  = der angepasste Ausübungspreis;
- $SP$  = der Ausübungspreis am Stichtag;
- $N_o$  = die Anzahl der ausstehenden Aktien der Emittentin vor der Kapitalerhöhung;
- $N_n$  = die Anzahl der ausstehenden Aktien der Emittentin nach der Kapitalerhöhung;
- $E$  = der Ausgabepreis der neuen Aktien;
- $D$  = der Dividendennachteil der neuen Aktien (nicht diskontiert) gegenüber Altaktien, wie er von der EUREX bestimmt wurde oder, falls (weil Optionen auf die Aktie der Emittentin an der EUREX nicht gehandelt werden oder aus sonstigen Gründen) dort nicht bis zu dem Stichtag erhältlich, von der

combining its shares,

the Strike Price will be adjusted in accordance with § 5(a)(i) to the extent not otherwise provided for in the following provisions.

- (iii) In the event of a decrease in the share capital of the Issuer prior to the last day of the Exercise Period which is solely the result of a reduction of the interest in the share capital represented by each share, the Strike Price will remain unchanged.

- (b) In the event that prior to the last day of the Exercise Period the Issuer increases its share capital through the issuance of new shares against contributions while granting its shareholders a direct or indirect subscription right (§§ 182, 186 of the German Stock Corporation Act) without granting the Warranholders the same right to subscribe new shares, the Strike Price will be adjusted in accordance with the following formula:

$$SP_a = SP \times \left[ \frac{N_o}{N_n} \times \left( 1 - \frac{E + D}{K} \right) + \frac{E + D}{K} \right]$$

where:

- $SP_a$  = the adjusted Strike Price;
- $SP$  = the Strike Price on the Record Date;
- $N_o$  = the number of shares of the Issuer outstanding before the share capital increase;
- $N_n$  = the number of shares of the Issuer outstanding after the share capital increase;
- $E$  = the issue price of the new shares;
- $D$  = the disadvantage (not discounted) for dividends to which the new shares are not entitled in relation to old shares as determined by EUREX or, if not available through EUREX until the Record Date (because options on the share of the Issuer are not traded on EUREX or for any other reason), as estimated by the

Bestimmungsstelle geschätzt wird;  
und

K = der von der Bestimmungsstelle berechnete einfache rechnerische Durchschnitt der XETRA-Kurse an den letzten drei Handelstagen vor dem Ex-Tag, an denen die Aktie der Emittentin "cum" gehandelt wird.

Eine Anpassung des Ausübungspreises findet nicht statt, wenn bei Anwendung der obigen Formel  $SP_a$  größer als SP wäre.

- (c) Wenn die Emittentin ihren Aktionären vor dem letzten Tag des Ausübungszeitraums
  - (i) Bezugsrechte auf eigene Aktien gewährt, die nicht mit einer Erhöhung des Grundkapitals gemäß § 5(b) zusammenhängen, oder
  - (ii) Bezugsrechte auf Wertpapiere mit Bezugs-, Options- oder Wandelrechten auf Aktien der Emittentin zum Bezug anbietet (mit Ausnahme der Einräumung von Bezugsrechten im Rahmen von Kapitalerhöhungen nach § 5(b)), oder
  - (iii) Bezugsrechte auf andere Schuldverschreibungen, Genussscheine oder sonstige Wertpapiere der Emittentin ("**Sonstige Wertpapiere**") gewährt, ohne gleichzeitig den Optionsscheingläubigern ein entsprechendes Bezugsrecht auf Sonstige Wertpapiere zu gewähren, wird der Ausübungspreis gemäß der nachstehenden Formel angepasst:

$$SP_a = SP \times \frac{M - B}{M}$$

Dabei gilt folgendes:

$SP_a$  = der angepasste Ausübungspreis;  
 $SP$  = der Ausübungspreis am Stichtag;  
 $M$  = der Durchschnittliche Marktpreis,  
 $B$  = der Bezugsrechtswert, wenn  $B \geq 0$  ist.

- (d) Wenn die Emittentin vor dem letzten Tag des Ausübungszeitraums an ihre Aktionäre:
  - (i) Vermögen (ob in der Form von

Determination Agent; and

K = the simple arithmetic average of the XETRA-Quotations on the last three Trading Days on which the share of the Issuer is traded "cum" before the Ex Date as calculated by the Determination Agent.

There will be no adjustment of the Strike Price if  $SP_a$  would be greater than SP.

- (c) In the event that prior to the last day of the Exercise Period the Issuer grants to its shareholders (i) subscription rights in respect of own shares other than in the course of share capital increases pursuant to § 5(b), (ii) subscription rights in respect of securities with subscription or option or conversion rights in relation to shares of the Issuer (but excluding the granting of subscription rights in the course of share capital increases pursuant to § 5(b)), or (iii) subscription rights in respect to other debt securities, participation rights or other securities of the Issuer ("**Other Securities**") without granting the Warranholders the same right to subscribe Other Securities, the Strike Price will be adjusted in accordance with the following formula:

$$SP_a = SP \times \frac{M - B}{M}$$

where:

$SP_a$  = the adjusted Strike Price;  
 $SP$  = the Strike Price on the Record Date;  
 $M$  = the Average Market Price; and  
 $B$  = the Subscription Value, where  $B \geq 0$ .

- (d) In the event that prior to the last day of the Exercise Period the Issuer:
  - (i) distributes, allots or grants to its

Sachdividenden oder in der Form einer Kapitalherabsetzung zwecks Rückzahlung von Teilen des Grundkapitals (im letzteren Fall stellt die Rückzahlung Vermögen für Zwecke dieses § 5(d)(i) dar) ausschüttet, gewährt oder verteilt, aber mit Ausnahme einer etwaigen Bardividende, einer Gewährung von Verkaufsoptionen in Bezug auf die Aktien der Emittentin oder eines sonstigen Aktienrückkaufs, den die Emittentin allen ihren Aktionären anbietet; oder

- (ii) Schuldverschreibungen, Options- oder Wandelrechte (mit Ausnahme der oben in § 5(c) genannten Rechte) ausschüttet, gewährt oder verteilt; oder
- (iii) an ihre Aktionäre eine Außerordentliche Bardividende ausschüttet,

(jeweils eine "**Ausschüttung**"), wird der Ausübungspreis gemäß der nachstehenden Formel angepasst:

$$SP_a = SP \times \frac{M - F}{M}$$

Dabei gilt folgendes:

- $SP_a$  = der angepasste Ausübungspreis;
- $SP$  = der Ausübungspreis am Stichtag;
- $M$  = der Durchschnittliche Marktpreis;
- $F$  = der Angemessene Marktwert berechnet je Aktie, wobei im Falle (iii) "F" der Betrag der Außerordentlichen Bardividende berechnet je Aktie ist.

Eine Anpassung wird nur durchgeführt, wenn  $F \geq 0$ .

- (e) Im Fall einer Verschmelzung der Emittentin als übertragendem Rechtsträger im Sinne des Umwandlungsgesetzes vor dem letzten Tag des Ausübungszeitraums hat ein Optionsscheingläubiger bei Ausübung seines Optionsrechts Anspruch auf eine Aktie des

shareholders assets (whether in the form of a dividend in kind or in the form of a capital decrease for the purpose of repaying parts of the share capital (in which case the repayment will constitute assets for the purposes of § 5(d)(i)) but excluding any Cash Dividend, any put options with regard to the shares of the Issuer or other offer for a share repurchase made available by the Issuer to all shareholders; or

- (ii) distributes, allots or grants to its shareholders debt securities or warrants or conversion rights (with the exclusion of the rights mentioned above in § 5(c)); or
- (iii) pays to its shareholders any Extraordinary Cash Dividend,

(each a "**Distribution**"), the Strike Price will be adjusted in accordance with the following formula:

$$SP_a = SP \times \frac{M - F}{M}$$

where:

- $SP_a$  = the adjusted Strike Price;
- $SP$  = the Strike Price on the Record Date;
- $M$  = the Average Market Price;
- $F$  = the Fair Market Value on a per share basis, provided that in the case of (iii) "F" will be the amount of the Extraordinary Cash Dividend on a per share basis.

provided that an adjustment will only be made if  $F \geq 0$ .

- (e) In the event of a merger of the Issuer as transferor entity within the meaning of the German Transformation Act (*Umwandlungsgesetz*) prior to the last day of the Exercise Period, a Warrantholder, upon exercise of his Option Right is entitled to one

oder der übernehmenden Rechtsträger (die "**Erwerberaktien**") je Optionsschein zu einem Ausübungspreis in Bezug auf die Erwerberaktien, der sich aus der nachstehenden Formel ergibt. Danach sind diese Optionsbedingungen auf die Erwerberaktien anzuwenden, als handele es sich um Aktien der Emittentin:

$$SP_{TS} = SP \times \frac{1}{TS}$$

Dabei gilt folgendes:

$SP_{TS}$  = der Ausübungspreis in Bezug auf die Erwerberaktien;

$SP$  = der Ausübungspreis am Stichtag; und

$TS$  = die Anzahl der Erwerberaktien, auf die ein Aktionär der Emittentin in Bezug auf eine Aktie der Emittentin berechtigt ist.

- (f) Im Fall einer Aufspaltung (§ 123 Absatz 1 UmwG) oder einer Abspaltung (§ 123 Absatz 2 UmwG) der Emittentin vor dem letzten Tag des Ausübungszeitraums hat ein Optionsscheingläubiger bei Ausübung seines Optionsrechts (im Fall der Abspaltung von Vermögen der Emittentin zusätzlich zu seinem Recht, Optionsaktien aufgrund der Ausübung des Optionsrechts zu erhalten) Anspruch auf eine Aktie des oder der übernehmenden Rechtsträger(s) (die "**Aktien des übernehmenden Rechtsträgers**") je Optionsschein zu einem Ausübungspreis in Bezug auf die Aktien des übernehmenden Rechtsträgers, der sich aus der nachstehenden Formel ergibt. Danach sind diese Optionsbedingungen auf die Aktien des übernehmenden Rechtsträgers anzuwenden, als handele es sich um Aktien der Emittentin:

$$SP_{AES} = SP \times \frac{1}{AES}$$

wobei:

$SP_{AES}$  = der Ausübungspreis in Bezug auf die Aktien des übernehmenden Rechtsträgers;

share per Warrant in the transferee entity or entities (the "**Transferee Shares**") at such Strike Price with respect to the Transferee Shares as is calculated pursuant to the following formula. Thereafter the provisions of these Terms and Conditions shall apply to the Transferee Shares as if they were shares of the Issuer:

$$SP_{TS} = SP \times \frac{1}{TS}$$

where:

$SP_{TS}$  = the Strike Price with respect to the Transferee Shares;

$SP$  = the Strike Price on the Record Date; and

$TS$  = the number of Transferee Shares to which a shareholder of the Issuer is entitled with respect to one share of the Issuer.

- (f) In the event of a split-up (§ 123 paragraph 1 of the German Transformation Act; *Aufspaltung*) or a spin-off (§ 123 paragraph 2 of the German Transformation Act; *Abspaltung*) of the Issuer prior to the last day of the Exercise Period, a Warranholder will, upon exercise of its Option Right, (in the case of a spin-off of assets of the Issuer, in addition to its right to receive Settlement Shares upon exercise of its Option Right) be entitled to one share per Warrant in the acquiring entity (entities) (the "**Acquiring Entity Shares**") at such Strike Price with respect to the Acquiring Entity Shares as is calculated pursuant to the following formula. Thereafter the provisions of these Terms and Conditions shall apply to the Acquiring Entity Shares as if they were shares of the Issuer:

$$SP_{AES} = SP \times \frac{1}{AES}$$

where:

$SP_{AES}$  = the Strike Price with respect to the Acquiring Entity Shares;

SP = der Ausübungspreis am Stichtag;  
und

AES = die Anzahl der Aktien des übernehmenden Rechtsträgers, zu der ein Aktionär der Emittentin in Bezug auf eine Aktie der Emittentin berechtigt ist.

(g) Wenn vor dem letzten Tag des Ausübungszeitraums eine Verschmelzung, bei der die Emittentin der übernehmende Rechtsträger ist, oder eine Ausgliederung (§ 123 Absatz 3 Umwandlungsgesetz) oder ein ähnliches Ereignis eintritt, bleibt der Ausübungspreis unverändert.

(h) Sofern Anpassungen des Ausübungspreises nach mehr als einer der Vorschriften von § 5(a), (b), (c), (d), (e) und/oder (f) durchzuführen sind und der Stichtag für diese Anpassungen auf denselben Tag fällt, oder sofern zur Berechnung einer der Anpassungen die nach anderweitig notwendigen Anpassungen berechneten Marktwerte eines vor dem Ex-Tag liegenden Zeitraums relevant sind,

(i) wird zuerst eine Anpassung nach den Vorschriften von § 5(a)(ii), zweitens nach den Vorschriften von § 5(d), drittens nach den Vorschriften von § 5(a)(i), viertens nach den Vorschriften von § 5(b), fünftens nach den Vorschriften von § 5(c), sechstens nach den Vorschriften von § 5(e), und schließlich nach den Vorschriften von § 5(f) durchgeführt, aber nur soweit diese Vorschriften nach ihren jeweiligen Voraussetzungen anwendbar sind; und

(ii) werden in anderen Fällen die maßgeblichen Ziffern gemäß der Folge ihrer Stichtage angewendet.

Wenn in einem der in diesem § 5(h) beschriebenen Fälle die Berechnung der Anpassung gemäß einem hier genannten Unterabschnitt der Anwendung eines anderen Unterabschnitts nachfolgt, und die Berechnung der zweiten Anpassung oder einer folgenden

SP = the Strike Price on the Record Date; and

AES = the number of Acquiring Entity Shares to which a shareholder of the Issuer is entitled with respect to one share of the Issuer.

(g) In the event of a merger of the Issuer as the acquiring entity, or a hive down (§ 123 paragraph 3 of the German Transformation Act; *Ausgliederung*) or of an analogous event prior to the last day of the Exercise Period the Strike Price will remain unchanged.

(h) If adjustments of the Strike Price are required under more than one of § 5(a), (b), (c), (d), (e) and/or (f), and the Record Date for such adjustments will occur on the same date, or if for purposes of calculating the adjustment under one of these provisions market values during a period prior to the Ex Date for a measure requiring another adjustment are relevant, then such adjustments will be made:

(i) in the case of adjustments with the same Record Date by applying, first, the provisions of § 5(a)(ii), second, the provisions of § 5(d), third, the provisions of § 5(a)(i), fourth, the provisions of § 5(b), fifth, the provisions of § 5(c), sixth, the provisions of § 5(e), and finally the provisions of § 5(f), but only to the extent each such provision is applicable in accordance with its terms; and

(ii) in other cases by applying the relevant subsections in the sequence in which their Record Dates occur.

If in any of the cases referred to in this § 5(h) the calculation of the adjustment under one of the subsections aforementioned is made subsequent to the application of any of the other subsections, and the calculation of the second or any subsequent adjustment refers to

Anpassung sich auf den Durchschnittlichen Marktpreis oder auf die XETRA-Kurse in einem Zeitraum vor dem Ex-Tag für eine Maßnahme bezieht, die nach dem zuerst anzuwendenden Unterabschnitt zu einer Anpassung führt, so wird dieser Durchschnittliche Marktpreis oder der XETRA-Kurs dieser Zeiträume zu dem Zwecke der Berechnung nachfolgender Anpassungen mit dem Faktor multipliziert, der bei der Multiplikation der vorangehenden Anpassung angewendet wurde. Wenn der Wert einer Ausschüttung, der Bezugsrechtswert oder der Angemessene Marktwert gemäß § 5(c) oder (d) bezogen auf den Marktwert der Aktie der Emittentin während dieses Zeitraums berechnet wird, so setzt die Bestimmungsstelle gegebenenfalls den Wert einer Ausschüttung, den Bezugsrechtswert oder den Angemessenen Marktwert auf Basis der entsprechend angepassten Marktwerte fest.

- (i) Wenn die Bestimmungsstelle feststellt, dass Umstände eingetreten sind, die außerhalb der Vorgaben von § 5(a) bis (g) eine Anpassung notwendig machen (selbst wenn die maßgeblichen Ereignisse oder Umstände ausdrücklich von der Anwendung der § 5(a) bis (g) ausgeschlossen wurden), so wird sie feststellen, welche weitere Anpassung gegebenenfalls den Umständen entsprechend billig und angemessen ist und an welchem Tag diese Anpassung gegebenenfalls wirksam werden soll. An diesem Tag wird die Anpassung gegebenenfalls vorgenommen und wird gemäß der Feststellung durch die Bestimmungsstelle wirksam.
- (j) Anpassungen nach Maßgabe dieses § 5 werden zu Beginn des Ex-Tags wirksam. Anpassungen nach Maßgabe dieses § 5 werden nicht vorgenommen, sofern der Ex-Tag nach dem letzten Tag des Ausübungszeitraums liegt.
- (k) Anpassungen nach den vorstehenden Bestimmungen werden durch die Bestimmungsstelle in Abstimmung mit der Emittentin berechnet und sind (sofern nicht ein offensichtlicher Fehler vorliegt) für alle Beteiligten verbindlich. Der Ausübungspreis,

the Average Market Price or XETRA-Quotation in a period prior to the Ex Date for the measure requiring adjustment pursuant to the subsection which is to be applied first, the Average Market Price or XETRA-Quotation for those periods, for purposes of the calculation of the subsequent adjustment, will be multiplied by the factor used for making the multiplication in the calculation of the preceding adjustment. To the extent that pursuant to § 5(c) or (d) the value of a Distribution, the Subscription Value or the Fair Market Value is calculated by reference to the market value of the share of the Issuer during such period, the Determination Agent will calculate the value of the Distribution, the Subscription Value or the Fair Market Value, where applicable, on the basis of the market values so adjusted.

- (i) If the Determination Agent determines that another adjustment should be made as a result of one or more events or circumstances not referred to above in § 5(a) to (g) (even if the relevant event or circumstances are specifically excluded from the operation of § 5(a) to (g)), the Determination Agent shall determine as soon as practicable what further adjustment (if any) is fair and reasonable to take account thereof and the date on which such adjustment should take effect, and upon such date such adjustment (if any) shall be made and shall take effect in accordance with such determination.
- (j) Adjustments in accordance with this § 5 will become effective as of the beginning of the Ex Date. Adjustments in accordance with this § 5 will not be made if the Ex Date is later than the last day of the Exercise Period.
- (k) Adjustments in accordance with the foregoing provisions will be calculated by the Determination Agent in consultation with the Issuer and will be (in the absence of manifest error) binding on all parties concerned. The Strike Price determined in accordance with the

berechnet in Übereinstimmung mit den vorstehenden Bestimmungen, wird gerundet auf den nächsten € 0,01, wobei ab € 0,005 aufgerundet wird.

- (l) Die Emittentin wird eine Anpassung des Ausübungspreises und/oder jede andere Anpassung der Bedingungen des Optionsrechts unverzüglich gemäß § 9 bekannt machen.
- (m) Die Emittentin versichert, dass sie nichts unternehmen wird, was das bedingte Kapital der Emittentin soweit verringert, dass sie ihren Verpflichtungen bei der Ausübung der Optionsrechte nicht nachkommen könnte. Die Emittentin gleicht vom bedingten Kapital nicht gedeckte ausgeübte Optionsscheine in bar aus.
- (n) Es erfolgt keine Anpassung des Ausübungspreises, soweit der Ausübungspreis für eine Optionsaktie unter den anteiligen Betrag der Aktie am Grundkapital (§ 9 Absatz 1 Aktiengesetz) zu dem Zeitpunkt einer solchen Anpassung herabgesetzt würde. Nichtsdestotrotz wird auf jeden Umstand hin, der ohne diesen § 5(n) eine unter dem anteiligen Betrag einer Aktie liegende Anpassung des Ausübungspreises zur Folge hätte, die Berechnung aller nachfolgenden Anpassungen auf der Basis des Ausübungspreises vorgenommen, der bei der Anwendung eines anderen Absatzes als dieses § 5(n) berechnet worden wäre. Liegt das Ergebnis solcher Berechnungen unter dem rechnerischen Nennbetrag der Aktie, so entspricht der Ausübungspreis dem rechnerischen Nennbetrag der Aktie. Soweit eine Anpassung des Ausübungspreises aufgrund dieses § 5(n) nicht durchgeführt werden kann, ist die Emittentin nicht dazu verpflichtet, den Optionsscheingläubigern eine Barauszahlung oder anderes als Ausgleich anzubieten.

- (o) In diesen Optionsbedingungen bezeichnet:

**"Angemessener Marktwert"** den angemessenen Marktwert einer Ausschüttung am Stichtag, wie er von der Bestimmungsstelle festgelegt wird;

**"Außerordentliche Bardividende"**: Wenn am

preceding provisions will be rounded to the nearest €0.01 with €0.005 being rounded upwards.

- (l) The Issuer will give notice in accordance with § 9 of an adjustment of the Strike Price and/or any other adjustment of the terms of the Option Right without undue delay.
- (m) The Issuer undertakes not to take any action which would have the effect that there would be insufficient conditional capital of the Issuer to honour its obligations of exercise under the Warrants. The Issuer will compensate in cash any exercised Warrant that should not be covered by conditional capital.
- (n) No adjustment of the Strike Price will be made to the extent that the Strike Price for one Settlement Share would thereby be reduced below the imputed par value of the share in the share capital (§ 9 paragraph 1 of the German Stock Corporation Act) effective as of the date of such adjustment. Without prejudice to the foregoing, upon any event which, but for this § 5(n), would result in an adjustment of the Strike Price to an amount which is less than the imputed par value of one share, pursuant to the foregoing provisions, the calculation of any subsequent adjustments will be made on the amount of the Strike Price which would have resulted, had this § 5(n) not applied. If the result of such adjustments is below the imputed par value of the share in the share capital, the Strike Price will be the imputed par value of the share. To the extent that an adjustment of the Strike Price cannot occur as a result of this § 5(n), the Issuer will not be obliged to compensate the Warrantholders by a cash payment or in any other way.

- (o) In these Terms and Conditions:

**"Fair Market Value"** means the fair market value of a Distribution on the Record Date as determined by the Determination Agent;

**"Extraordinary Cash Dividend"**: If on the

Stichtag der Gesamtbetrag je Aktie aus (x) einer Bardividende und (y) den Beträgen aller übrigen Bardividenden auf die Aktie der Emittentin, bei denen der Ex-Tag innerhalb der letzten aufeinanderfolgenden 365 Tage vor dem Stichtag lag (wobei für den Fall, daß innerhalb dieses 365-Tage-Zeitraums Bardividenden für zwei unterschiedliche Geschäftsjahre gezahlt worden sind, die Zahlungen für das frühere Geschäftsjahr nicht berücksichtigt werden), 5 % des arithmetischen Durchschnitts der XETRA-Kurse während der Relevanten Periode erreicht oder übersteigt, dann ist "**Außerordentliche Bardividende**" der übersteigende Betrag je Aktie abzüglich des Gesamtbetrags aller Bardividenden, für die eine Anpassung des Umtauschpreises gemäß § 5(d) bereits zuvor durchgeführt worden ist und bei denen der Ex-Tag in der Relevanten Periode lag. Der Begriff "**Relevante Periode**" bezeichnet den Zeitraum, der am ersten Handelstag nach dem Ex-Tag für die zeitlich erste der zusammengerechneten Bardividenden beginnt und an dem Handelstag endet, der dem Ex-Tag für die Bardividende vorangeht, aufgrund derer die Außerordentliche Dividende berechnet wird, mit der Maßgabe, daß für den Fall, daß es während der letzten 365 Tage keinen Ex-Tag in XETRA gab, die relevante Periode den gesamten Zeitraum der 365 vorangehenden Tage ausmacht.

Im Falle einer Auseinandersetzung zwischen der Emittentin und einem Optionsscheingläubiger, ob und in welchem Maß eine Bardividende eine Außerordentliche Dividende darstellt, wird diese Auseinandersetzung von der Bestimmungsstelle entschieden. Die Entscheidung der Bestimmungsstelle ist für die Emittentin und die Optionsscheingläubiger verbindlich.

"**Bardividende**" bezeichnet den Betrag einer etwaigen Bardividende vor Abzug von Körperschaftsteuer und Quellensteuer.

"**Bezugsrechtswert**" bezeichnet (je Aktie):

- (i) den von der EUREX auf Basis der

Record Date the aggregate amount of (x) any Cash Dividend together with (y) the amounts of all other Cash Dividends on the share of the Issuer, for which the Ex Date occurred in the 365 consecutive day period prior to the Record Date (whereby, in a situation where Cash Dividends for two different financial years have been paid during this 365-day-period, the payments for the previous Financial Year will not be taken into account), equals or exceeds on a per share basis 5 per cent. of the simple arithmetic average of the XETRA-Quotations during the Relevant Period, the "**Extraordinary Cash Dividend**" shall be such excess per share minus the aggregate amount of all Cash Dividends for which a prior adjustment of the Strike Price was previously made under § 5(d) and for which the Ex Date occurred in the Relevant Period. "**Relevant Period**" means the period that commences on the first Trading Day after the Ex Date of the first of the aggregated Cash Dividends and ends on the Trading Day prior to the Ex Date with respect to the Cash Dividend which caused the calculation of the Extraordinary Dividend, provided that in case there was no Ex Date during the last 365 consecutive day period in XETRA, the Relevant Period shall be the entire period of the 365 consecutive days.

In the event of a dispute between the Issuer and any Warrantholder as to whether, and the extent to which, any Cash Dividend constitutes an Extraordinary Dividend, such dispute will be determined by the Determination Agent. The determination by the Determination Agent shall be binding upon the Issuer and the Warrantholders.

"**Cash Dividend**" means the amount of any cash dividend prior to deduction of any corporation tax and withholding tax.

"**Subscription Value**" means (calculated on a per share basis):

- (i) the value of the right to subscribe shares

Marktlage am letzten Handelstag vor Beginn des Bezugsrechtshandels ermittelten Wert des Rechts zum Bezug von Aktien der Emittentin oder von Wertpapieren mit Bezugs-, Options- oder Wandelrechten bzw. -pflichten auf Aktien der Emittentin oder zum Bezug der Sonstigen Wertpapiere; oder

- (ii) falls ein solcher Wert (weil Optionen auf die Aktie der Emittentin an der EUREX nicht gehandelt werden oder aus sonstigen Gründen) von der EUREX nicht bekannt gegeben wird, den einfachen rechnerischen Durchschnitt der Schlusskurse der Bezugsrechte während des Zeitraums, in dem Bezugsrechte offiziell an einer Börse oder in XETRA gehandelt werden; oder
- (iii) falls ein solcher Kurs nicht feststellbar ist, den Wert des Bezugsrechts, der von der Bestimmungsstelle bestimmt wird.

**"Durchschnittlicher Marktpreis"** den einfachen rechnerischen Durchschnitt der XETRA-Kurse an jedem Handelstag für den kürzesten der nachfolgenden Zeiträume (vorausgesetzt, dass ein Zeitraum mindestens einen Handelstag umfasst):

- (i) die 10 aufeinander folgenden Handelstage, die mit dem jeweiligen Stichtag (einschließlich) enden; oder
- (ii) den Zeitraum, der am ersten Handelstag nach dem Tag beginnt, an dem die maßgebliche Ausgabe oder Ausschüttung öffentlich bekannt gemacht wurde, und an dem Handelstag endet, der dem jeweiligen Stichtag vorangeht; oder
- (iii) den Zeitraum, der am Ex-Tag der letzten Ausgabe oder Ausschüttung beginnt, für die eine Anpassung erforderlich ist, und der am letzten Handelstag vor dem jeweiligen Stichtag

of the Issuer or securities with subscription or option or conversion rights or obligations in relation to shares of the Issuer or to subscribe Other Securities, as determined by EUREX on the basis of the market situation prevailing on the Trading Day before the subscription right commences to be traded; or

- (ii) if such value is not published by EUREX (because options on the share of the Issuer are not traded on EUREX or for any other reason), the simple arithmetic average of the closing prices of the subscription rights during the period in which subscription rights are officially traded on a stock exchange or on XETRA; or
- (iii) if such price is not available, the value of the subscription right which will be determined by the Determination Agent.

**"Average Market Price"** means the simple arithmetic average of the XETRA-Quotations on each Trading Day for the shorter of (with the proviso that any period will at least last one Trading Day):

- (i) 10 consecutive Trading Days ending on and including the relevant Record Date; or
- (ii) the period commencing on the Trading Day next succeeding the first public announcement of the relevant issuance or distribution and ending on the Trading Day prior to the relevant Record Date; or
- (iii) the period, commencing on the Ex Date with respect to the next preceding issuance or distribution for which an adjustment is required, and ending on the last Trading Day prior to the

endet.

**"EUREX"** bezeichnet die EUREX Deutschland oder eine Rechtsnachfolgerin der EUREX Deutschland.

**"Ex-Tag"** bezeichnet jeweils den ersten Handelstag, an dem die Aktie der Emittentin "ex Dividende" bzw. "ex Bezugsrecht" oder ohne sonstige Rechte, für die ein Abschlag auf den Kurs der Aktie vorgenommen wird, gehandelt wird.

**"FWB"** bezeichnet die Frankfurter Wertpapierbörsse.

**"Geschäftsjahr"** bezeichnet das satzungsmäßige Geschäftsjahr der Emittentin.

**"Handelstag"** bezeichnet jeden Tag, an dem die FWB für den Handel geöffnet ist und/oder XETRA-Kurse ermittelt werden.

**"Stichtag"** ist, je nach dem was zeitlich früher gelegen ist, (x) der relevante Zeitpunkt für die Bestimmung der Berechtigung der Aktionäre der Emittentin, Rechte, Bezugsrechte, Options- oder Wandelrechte, Ausschüttungen oder Rechte gemäß § 5(e) oder (f) zu erhalten, oder (y) der Handelstag, der dem Ex-Tag unmittelbar vorangeht.

**"XETRA-Kurs"** bezeichnet an jedem Handelstag den volumengewichteten durchschnittlichen Kurs für die Aktie der Emittentin (ISIN DE0008404005) in XETRA an dem jeweiligen Handelstag, wie er auf der Seite AQR auf dem Bloomberg Bildschirm (oder auf einer Nachfolgerin dieser Bildschirmseite) angezeigt wird, bzw. wenn kein volumengewichteter durchschnittlicher Kurs festgestellt wird, der in der Mittagsauktion des Parketthandels an der FWB festgestellte Börsenkurs bzw. falls kein Börsenkurs festgestellt wird, der letzte veröffentlichte Bezahlpreis je Aktie an diesem Tag für die Aktie an der FWB bzw. für den Fall, dass kein Bezahlpreis veröffentlicht wird, das Mittel zwischen Brief- und Geldkurs. Für den Fall, dass die Aktie nicht an der FWB notiert ist oder Brief- und Geldkurs nicht zu erhalten sind, sind die entsprechenden Kurse

relevant Record Date.

**"EUREX"** means EUREX Deutschland or any legal successor thereof.

**"Ex Date"** means the first Trading Day on which the share of the Issuer is traded "ex dividend" or "ex subscription right" or ex any other right which is deducted from time to time from the quoted share price.

**"FSE"** means the Frankfurt Stock Exchange.

**"Financial Year"** means the financial year as set out in the Issuer's articles of association.

**"Trading Day"** means each day on which the FSE is open for business and/or XETRA-Quotations, as applicable, are determined.

**"Record Date"** means the time and date being the earlier of (x) the relevant time of the determination of the entitlement of shareholders of the Issuer to receive rights, subscription rights, option or conversion rights, distributions or rights pursuant to § 5(e) or (f), or (y) the Trading Day, which immediately precedes the Ex Date.

**"XETRA-Quotation"** means on any Trading Day the volume-weighted average price of the share of the Issuer (ISIN DE0008404005) on XETRA on the relevant Trading Day appearing on or derived from screen page AQR on the Bloomberg screen (or any successor screen page) or, if no volume-weighted average price is reported, the official quotation (*Börsenkurs*) as reached in the mid-day auction of floor trading on the FSE or, if no such official quotation is reported, the last reported per share paid sale price (*Bezahlpreis*) on such day of the share on the FSE or, if no paid sale price is reported, the average of the bid and ask prices. If the share is not listed on the FSE, or no bid and ask prices are available, the respective quotations or prices on the principal national or regional securities exchange on which the share is listed are decisive. In the absence of one or more

oder Preise an der wichtigsten nationalen oder regionalen Börse, an der die Aktie notiert ist, maßgeblich. Für den Fall, dass eine oder mehrere solcher Notierungen nicht bestehen, wird die Bestimmungsstelle den XETRA-Kurs auf der Basis solcher Notierungen oder anderer Informationen, die sie für maßgeblich hält, bestimmen; diese Bestimmung ist abschließend. Eine Bezugnahme auf den XETRA-Kurs in diesen Optionsbedingungen umfasst, falls die Feststellung des XETRA-Kurses aufgegeben wird, die Bezugnahme auf einen Kurs, der den XETRA-Kurs (i) kraft Gesetzes oder (ii) aufgrund einer allgemein akzeptierten Marktpfaxis ersetzt.

## § 6 Status der Optionsscheine

Die Optionsscheine begründen nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin gleichrangig sind.

## § 7 Vorlegungsfrist

Die in § 801 Absatz 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Optionsscheine auf zehn Jahre verkürzt.

## § 8 Optionsstelle, Bestimmungsstelle

(a) Die Dresdner Bank Aktiengesellschaft ist die Optionsstelle (die "**Optionsstelle**"). J.P. Morgan Securities Ltd. ist die Bestimmungsstelle (die "**Bestimmungsstelle**"). Die Optionsstelle und die Bestimmungsstelle sind von den Beschränkungen des § 181 BGB und etwaigen gleichartigen Beschränkungen des anwendbaren Rechts anderer Länder befreit. Die Geschäftsräume der Optionsstelle und der Bestimmungsstelle befinden sich an der folgenden Adresse:

such listings, the Determination Agent will determine the XETRA-Quotation on the basis of such quotations or other information as it considers appropriate; any such determination will be conclusive. Any reference in these Terms and Conditions to the XETRA-Quotation will include, if the XETRA-Quotation is discontinued, a reference to a quotation which replaces the XETRA-Quotation (i) by virtue of law or (ii) on the basis of generally accepted market practice.

## § 6 Status of the Warrants

The obligations under the Warrants constitute unsecured and unsubordinated obligations of the Issuer ranking *pari passu* among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Issuer.

## § 7 Presentation Period

The period for presentation for the Warrants (§ 801 paragraph 1 sentence 1 German Civil Code) is reduced to ten years.

## § 8 Warrant Agent, Determination Agent

(a) Dresdner Bank Aktiengesellschaft will be the Warrant Agent (the "**Warrant Agent**"). J.P. Morgan Securities Ltd. will be the Determination Agent (the "**Determination Agent**"). Each of the Warrant Agent and the Determination Agent will be exempt from the restrictions set forth in § 181 of the German Civil Code and similar restrictions of other applicable laws. The addresses of the specified offices of the Warrant Agent and the Determination Agent are:

**Optionsstelle**

Dresdner Bank Aktiengesellschaft  
Operations & Shared Services  
Securities Operations  
Kapitalmaßnahmen Inland  
Jürgen-Ponto-Platz 1  
60301 Frankfurt am Main

Fax: +49 69 263 15124

**Bestimmungsstelle**

J.P. Morgan Securities Ltd.  
c/o 10 Aldermanbury  
London EC2V 7RF

Fax: +44 20 7325 8274

In keinem Fall dürfen sich die Geschäftsräume der Optionsstelle oder der Bestimmungsstelle innerhalb der Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands) befinden.

- (b) Die Emittentin wird dafür sorgen, dass stets eine Optionsstelle und eine Bestimmungsstelle vorhanden ist. Die Emittentin ist berechtigt, andere international anerkannte Banken als Optionsstelle oder Bestimmungsstelle zu bestellen. Die Emittentin ist weiterhin berechtigt, die Bestellung einer Bank zur Optionsstelle oder Bestimmungsstelle zu beenden. Im Falle einer solchen Beendigung oder falls die bestellte Bank nicht mehr als Optionsstelle oder Bestimmungsstelle tätig werden kann oder will, bestellt die Emittentin eine andere international anerkannte Bank als Optionsstelle oder Bestimmungsstelle. Eine solche Bestellung oder eine solche Beendigung der Bestellung ist gemäß § 9 oder, falls dies nicht möglich sein sollte, durch eine öffentliche Bekanntmachung in sonstiger geeigneter Weise bekannt zu machen.
- (c) Alle Bestimmungen, Berechnungen und Anpassungen durch die Bestimmungsstelle erfolgen nach billigem Ermessen (§ 317 BGB) und in Abstimmung mit der Emittentin und sind, soweit nicht ein offenkundiger Fehler

**Warrant Agent**

Dresdner Bank Aktiengesellschaft  
Operations & Shared Services  
Securities Operations  
Kapitalmaßnahmen Inland  
Jürgen-Ponto-Platz 1  
60301 Frankfurt am Main

Fax: +49 69 263 15124

**Determination Agent**

J.P. Morgan Securities Ltd.  
c/o 10 Aldermanbury  
London EC2V 7RF

Fax: +44 20 7325 8274

In no event will the specified office of the Warrant Agent or the Determination Agent be within the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

- (b) The Issuer will procure that there will at all times be a Warrant Agent and a Determination Agent. The Issuer is entitled to appoint banks of international standing as Warrant Agent or Determination Agent. Furthermore, the Issuer is entitled to terminate the appointment of any Warrant Agent or Determination Agent. In the event of such termination or such bank being unable or unwilling to continue to act as Warrant Agent or Determination Agent, the Issuer will appoint another bank of international standing as Warrant Agent or Determination Agent. Such appointment or termination will be published without undue delay in accordance with § 9, or, should this not be possible, be published in another appropriate manner.
- (c) All determinations, calculations and adjustments made by the Determination Agent will be made in its reasonable discretion (§ 317 of the German Civil Code) and in consultation with the Issuer and will, in the absence of

vorliegt, in jeder Hinsicht endgültig und für die Emittentin und alle Optionsscheingläubiger bindend. Die Bestimmungsstelle kann nach Absprache mit der Emittentin den Rat eines oder mehrerer Rechtsanwälte oder anderer Sachverständiger einholen, deren Rat oder Dienste sie für notwendig hält, und sich nach Absprache mit der Emittentin auf einen solchen Rat verlassen. Die Bestimmungsstelle übernimmt keine Haftung gegenüber den Optionsscheingläubigern dafür, dass sie in Übereinstimmung mit einem solchen Rat Handlungen vornimmt oder vorzunehmen unterlässt.

- (d) Außer im Hinblick auf die Abgabe der Bezugserklärung ist die Optionsstelle ausschließlich Beauftragte der Emittentin und zwischen der Optionsstelle und den Optionsscheingläubigern besteht kein Treuhandverhältnis. Zwischen der Bestimmungsstelle und den Optionsscheingläubigern besteht kein Auftrags- oder Treuhandverhältnis.

## § 9 Bekanntmachungen

Alle die Optionsscheine betreffenden Mitteilungen sind durch eine Mitteilung an das betreffende Clearingsystem zur Weiterleitung an die Optionsscheingläubiger zu veröffentlichen. Jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das betreffende Clearingsystem als den Optionsscheingläubigern mitgeteilt.

## § 10 Verschiedenes

- (a) Form und Inhalt der Optionsscheine sowie die Rechte und Pflichten der Optionsscheingläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach dem Recht der Bundesrepublik Deutschland.
- (b) Erfüllungsort ist Frankfurt am Main, Bundesrepublik Deutschland.
- (c) Zuständig für sämtliche im Zusammenhang mit den Optionsscheinen entstehenden Klagen oder sonstige Verfahren ist das Landgericht Frankfurt am Main.
- (d) Die deutsche Version dieser

manifest error, be conclusive in all respects and binding upon the Issuer and all Warrantholders. The Determination Agent may, after prior consultation with the Issuer, engage the advice or services of any lawyers or other experts whose advice or services it deems necessary and may rely, after consultation with the Issuer, upon any advice so obtained. The Determination Agent will not incur any liability as against the Warrantholders in respect of any action taken, or not taken, or suffered to be taken, or not to be taken, in accordance with such advice.

- (d) Except in respect of the delivery by it of the subscription certificate, the Warrant Agent acts only as agent of the Issuer and there is no fiduciary relationship between the Warrant Agent and the Warrantholders. There is no agency or fiduciary relationship between the Determination Agent and the Warrantholders.

## § 9 Notices

All notices concerning the Warrants shall be delivered to the relevant clearing system, for communication by the relevant clearing system to the Warrantholders. Any such notice shall be deemed to have been given to the Warrantholders on the seventh day after the day on which the said notice was given to the relevant clearing system.

## § 10 Miscellaneous

- (a) The form and content of the Warrants and the rights and duties of the Warrantholders and the Issuer will in all respects be governed by the laws of the Federal Republic of Germany.
- (b) The place of performance is Frankfurt am Main, Federal Republic of Germany.
- (c) The District Court (*Landgericht*) in Frankfurt am Main shall have jurisdiction for any action or other legal proceedings arising out of or in connection with the Warrants.
- (d) The German version of these Terms and

Optionsbedingungen ist bindend. Die englische  
Übersetzung dient nur zu  
Informationszwecken.

Conditions shall be binding. The English  
translation is for information purposes only.

## SUBORDINATED GUARANTEE

The German text of the Guarantee is legally binding.

The English translation is for convenience only.

<b>Garantie (auf nachrangiger Basis)</b>	<b>Guarantee (on a subordinated basis)</b>
der Allianz Aktiengesellschaft, München, Bundesrepublik Deutschland zugunsten der Gläubiger der durch die Allianz Finance II B.V., Amsterdam, Niederlande begebenen garantierten nachrangigen Schuldverschreibungen mit unbegrenzter Laufzeit im Gesamtnennbetrag von € 1.400.000.000 (die "Schuldverschreibungen")	of Allianz Aktiengesellschaft, Munich, Federal Republic of Germany in favour of the holders of the Guaranteed Subordinated Perpetual Bonds in an aggregate principal amount of € 1,400,000,000 issued by Allianz Finance II B.V., Amsterdam, the Netherlands (the " <b>Bonds</b> ").
<b>1</b>	<b>1</b>
<b>1.1</b> Die Allianz Aktiengesellschaft (die " <b>Garantin</b> ") übernimmt hiermit auf nachrangiger Basis gegenüber den jeweiligen Inhabern der Schuldverschreibungen (die " <b>Anleihegläubiger</b> ") die unbedingte und unwiderrufliche Garantie für die ordnungsgemäße Zahlung von Kapital und Zinsen auf die Schuldverschreibungen in Euro sowie aller sonstigen auf die Schuldverschreibungen fällig werdenden Beträgen nach Maßgabe der Anleihebedingungen (" <b>Bedingungen</b> ") (die " <b>Nachrangige Garantie</b> "). Zahlungen im Zusammenhang mit dieser Nachrangigen Garantie erfolgen ausschließlich gemäß den Bedingungen. Bei Erfüllung von Verpflichtungen der Emittentin oder der Garantin zugunsten eines Anleihegläubigers erlischt das betreffende garantierte Recht dieses Anleihegläubigers aus den Schuldverschreibungen.	<b>1.1</b> Allianz Aktiengesellschaft (the " <b>Guarantor</b> ") hereby unconditionally and irrevocably guarantees on a subordinated basis (the " <b>Subordinated Guarantee</b> ") to the holders of the Bonds (the " <b>Bondholders</b> ") the due payment in Euro of the amounts corresponding to the principal of and interest on, as well as any other amounts due on, the Bonds in accordance with the terms and conditions of the Bonds (the " <b>Conditions</b> "). Payments under this Subordinated Guarantee are subject to (without limitation) the Conditions. Upon discharge of any obligations of the Issuer or the Guarantor subsisting hereunder in favour of any Bondholder, the relevant guaranteed right of such Bondholder under the Bonds shall cease to exist.
<b>1.2</b> Sinn und Zweck dieser Nachrangigen Garantie ist es, sicherzustellen, dass die Anleihegläubiger unter allen tatsächlichen und rechtlichen Umständen und unabhängig von Wirksamkeit und Durchsetzbarkeit der Verpflichtungen der Emittentin und unabhängig von sonstigen Gründen, aufgrund derer die Emittentin ihre Verpflichtungen nicht erfüllt, alle zahlbaren Beträge fristgerecht in Übereinstimmung mit den Bedingungen erhalten.	<b>1.2</b> The intent and purpose of this Subordinated Guarantee is to ensure that the Bondholders under any and all circumstances, whether factual or legal, and irrespective of validity or enforceability of the obligations of the Issuer, or any other reasons on the basis of which the Issuer may fail to fulfil its obligations, receive on the respective due date any and all sums payable in accordance with the Conditions.
<b>1.3</b> Die Garantin kann etwaige von den Anleihegläubigern innerhalb von zwölf Monaten nach Fälligkeit nicht geforderte Beträge an Kapital und Zinsen sowie etwaige sonstige auf die Schuldverschreibungen fällige Beträge bei dem Amtsgericht in Frankfurt am Main hinterlegen. Soweit die Garantin auf das Recht zur Rücknahme der hinterlegten Beträge verzichtet, erlöschen die betreffenden Ansprüche der Anleihegläubiger gegen die Emittentin und die Garantin.	<b>1.3</b> The Guarantor may deposit with the Lower Court ( <i>Amtsgericht</i> ) in Frankfurt am Main any principal and interest as well as any other amounts due on the Bonds, if any, not claimed by the Bondholders within twelve months after having become due. If the Guarantor waives all rights to withdraw such deposits the respective claims of Bondholders against the Issuer and the Guarantor shall cease.
<b>1.4</b> Die Verbindlichkeiten der Garantin aus dieser Garantie sind mit allen anderen nachrangigen Verbindlichkeiten mit unbegrenzter Laufzeit der Garantin zumindest gleichrangig, soweit zwingende gesetzliche Bestimmungen nichts anderes vorschreiben. Im Fall der Auflösung, der Liquidation oder der Insolvenz der Garantin oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Garantin, werden	<b>1.4</b> The obligations of the Guarantor under this Guarantee rank at least <i>pari passu</i> with all other undated subordinated obligations of the Guarantor, save for any obligations required to be preferred by law. In the event of the dissolution, liquidation, insolvency or of other proceedings for the avoidance of insolvency of the Guarantor, claims of the Bondholders under this Guarantee will be satisfied after (but only after) the claims of all

die Ansprüche der Anleihegläubiger aus dieser Garantie erst befriedigt, nachdem die Ansprüche sämtlicher nicht nachrangiger Gläubiger sowie Gläubiger nachrangiger Ansprüche mit begrenzter Laufzeit vollumfänglich befriedigt worden sind.

Die Anleihegläubiger erkennen ausdrücklich an, dass unter den oben genannten Umständen Zahlungen der Garantin unter der Garantie auf die Schuldverschreibungen nur unter Wahrung obenstehender Nachrangigkeit erfolgen werden.

Die Anleihegläubiger sind nicht berechtigt, Forderungen aus den Schuldverschreibungen oder aus dieser Garantie mit möglichen Forderungen der Garantin gegen sie aufzurechnen.

**1.5** Mit Ausnahme der Rechte unter dieser Garantie ist für die Rechte der Anleihegläubiger keine Sicherheit irgendwelcher Art durch die Garantin oder durch Dritte gestellt worden; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

**1.6** Nachträglich können weder der in dieser Garantie bestimmte Nachrang beschränkt noch die Laufzeit der Garantie oder die jeweiligen Kündigungsfristen der Schuldverschreibungen verkürzt werden.

**1.7** Im Falle einer Ersetzung der Emittentin durch eine Tochtergesellschaft der Garantin gemäß § 9 der Bedingungen erstreckt sich diese Nachrangige Garantie auf sämtliche von der Neuen Anleihegeschuldnerin gemäß den Bedingungen zahlbaren Beträge. Dies gilt auch dann, wenn die Neue Anleihegeschuldnerin die Verpflichtungen aus den Schuldverschreibungen unmittelbar von der Garantin übernommen hat.

**2** Die Nachrangige Garantie stellt einen Vertrag zugunsten der jeweiligen Anleihegläubiger als begünstigte Dritte gemäß § 328 Absatz 1 BGB dar, die jedem Anleihegläubiger das Recht gibt, Erfüllung der hierin übernommenen Verpflichtungen unmittelbar von der Garantin zu verlangen und diese Verpflichtungen unmittelbar gegen die Garantin durchzusetzen.

**3** Ansprüche des Anleihegläubigers nach dieser Nachrangigen Garantie verjähren mit Ablauf von zwei Jahren nach dem jeweiligen Zahlungstag für Zinsen bzw. Rückzahlungstag gemäß den Bedingungen.

**4**

**4.1** Diese Nachrangige Garantie unterliegt ausschließlich dem Recht der Bundesrepublik Deutschland.

**4.2** Zuständig für alle Klagen und sonstigen Verfahren aus oder im Zusammenhang mit dieser Nachrangigen Garantie (die "**Rechtsstreitigkeiten**") ist ausschließlich das Landgericht in Frankfurt am Main.

**4.3** Die Begriffe, die in dieser Nachrangigen Garantie verwendet werden und in den Bedingungen

unsubordinated and dated subordinated creditors of the Guarantor have first been paid in full.

Bondholders explicitly accept that, in the circumstances described above, payments in respect of the Bonds will be made by the Guarantor pursuant to the Guarantee only in accordance with the subordination described above.

No Bondholder may set off any claims arising under the Bonds or under this Guarantee against any claims that the Guarantor may have against it.

**1.5** Except for the rights created pursuant to this Guarantee, no security of whatever kind is, or shall at any time be, provided by the Guarantor or any other person securing rights of the Bondholders.

**1.6** No subsequent agreement may limit the subordination pursuant to the provisions set out in this Guarantee or shorten the term of this Guarantee or any applicable notice period (*Kündigungsfrist*) of the Bonds.

**1.7** In the event of a substitution of the Issuer by a subsidiary of the Guarantor pursuant to Condition 9 of the Conditions, this Subordinated Guarantee shall extend to any and all amounts payable by the New Issuer pursuant to the Conditions. The foregoing shall also apply if the New Issuer shall have assumed the obligations arising under the Bonds directly from the Guarantor.

**2** This Subordinated Guarantee constitutes a contract in favour of the respective Bondholders as third party beneficiaries pursuant to § 328 (1) of the German Civil Code giving rise to the right of each such Bondholder to require performance of the obligations assumed hereby directly from the Guarantor and to enforce such obligations directly against the Guarantor.

**3** The period of limitation for any claim by a Bondholder under this Subordinated Guarantee shall be two years calculated from the relevant Interest Payment Date and the relevant redemption date pursuant to the Conditions.

**4**

**4.1** This Subordinated Guarantee shall be governed exclusively by the laws of the Federal Republic of Germany.

**4.2** Any action or other legal proceedings ("**Proceedings**") arising out of or in connection with this Subordinated Guarantee shall exclusively be brought in the District Court (*Landgericht*) in Frankfurt am Main.

**4.3** Terms used in this Subordinated Guarantee and defined in the Conditions shall have the same

definiert sind, haben die gleiche Bedeutung in dieser Nachrangigen Garantie wie in den Bedingungen, soweit sie in dieser Nachrangigen Garantie nicht anderweitig definiert sind.

- 5 Die Garantin und die Deutsche Bank Aktiengesellschaft vereinbaren, dass die Deutsche Bank Aktiengesellschaft nicht als Treuhänderin oder in ähnlicher Eigenschaft für die Anleihegläubiger handelt. Die Deutsche Bank Aktiengesellschaft verpflichtet sich, das Original dieser Nachrangigen Garantie bis zur Erfüllung aller Verpflichtungen aus den Schuldverschreibungen und dieser Nachrangigen Garantie in Verwahrung zu halten.
- 6 Diese Nachrangige Garantie ist in deutscher Sprache mit englischer Übersetzung abgefasst. Die deutsche Fassung ist die rechtlich verbindliche Fassung. Die englische Übersetzung ist zur Erleichterung des Verständnisses beigefügt.

München, den 17. Februar 2005

Allianz Aktiengesellschaft

Wir nehmen die obenstehenden Erklärungen zugunsten der Anleihegläubiger an.

Frankfurt am Main, 17. Februar 2005

Deutsche Bank Aktiengesellschaft

meaning in this Subordinated Guarantee as in the Conditions unless they are otherwise defined in this Subordinated Guarantee.

- 5 The Guarantor and Deutsche Bank Aktiengesellschaft agree that Deutsche Bank Aktiengesellschaft is not acting as trustee or in a similar capacity for the Bondholders. Deutsche Bank Aktiengesellschaft undertakes to hold the original copy of this Subordinated Guarantee in custody until all obligations under the Bonds and the Subordinated Guarantee have been fulfilled.
- 6 This Subordinated Guarantee is drawn up in the German language and provided with an English language translation. The German version shall be the only legally binding version. The English translation is for convenience only.

Munich, 17 February 2005

Allianz Aktiengesellschaft

We hereby accept all of the above declarations on behalf of the Bondholders.

Frankfurt am Main, 17 February 2005

Deutsche Bank Aktiengesellschaft

## DESCRIPTION OF THE ISSUER

### **Incorporation, Corporate Seat, Duration and Objects**

Allianz Finance II B.V. was founded as a private limited liability company in the Netherlands on 8 May 2000. The corporate seat of the Issuer is at Amsterdam and its office address is Keizersgracht 484, NL-1017 EH Amsterdam, the Netherlands. Allianz Finance II B.V. is entered in the Commercial Register of Amsterdam under no. 34134406.

The duration of Allianz Finance II B.V. is unlimited.

The objects of Allianz Finance II B.V., as contained in Article 2 of its Articles of Association, are to carry out financial business of all types, in particular the lending and borrowing of funds, including the issue of bonds, and participation in companies and enterprises.

Allianz Finance II B.V. does not have any subsidiaries.

### **Principal Activities**

The principal activities of Allianz Finance II B.V. are to carry out financial business of all types, in particular lending and borrowing of funds, including the issue of bonds.

### **Share Capital**

The authorised share capital of Allianz Finance II B.V. consists of 100 ordinary shares with a nominal value of € 1,000 each. As of 31 December 2004, the issued and fully paid in share capital of Allianz Finance II B.V. amounted to € 20,000 consisting of 20 registered shares with a nominal value of € 1,000 each.

Each share carries one vote.

### **Issues**

Allianz Finance II B.V. has issued in 2001 two exchangeable bonds, in 2002 two subordinated dated fixed to floating rate bonds, two senior bonds and one subordinated perpetual bond. The Debt Issuance Programme established in 2003 was updated in 2004. In 2003 and 2004 no new bonds were issued.

### **Ownership**

As of 31 December 2004, Allianz AG directly held 100% of the issued ordinary shares of Allianz Finance II B.V.

### **Management**

The members of the board of managing directors of Allianz Finance II B.V. (the "**Board of Managing Directors**") are:

Hendrikus Johannes Julius Schoon.....	Wassenaar, the Netherlands
Hero Dirk Albert Wentzel.....	Alpen aan den Rijn, the Netherlands
Dr. Sylvia Hoechendorfer-Ziegler.....	Bergkirchen, Germany

The members of the supervisory board of Allianz Finance II B.V. are:

Michael Diekmann.....	Chairman of the Board of Management of Allianz AG, Munich
Dr. Paul Achleitner.....	Member of the Board of Management of Allianz

	AG, Munich
Stephan Theissing.....	Allianz AG, Munich

The business address of the members of the Board of Managing Directors and the Supervisory Board is Keizersgracht 484, NL-1017 EH Amsterdam, the Netherlands.

#### **Financial Year**

The financial year of Allianz Finance II B.V. is the calendar year. Financial statements have been prepared since the date of incorporation of Allianz Finance II B.V.

#### **Auditors**

The auditors of Allianz Finance II B.V. are KPMG Accountants N.V., Burgemeester Rijnderslaan 10, NL-1185 MC Amstelveen, the Netherlands.

#### **Recent Developments**

On 2 March 2004 Allianz Finance II B.V. exchanged the remaining fraction of the then outstanding 299,995 DAX MILES (Market Index-Linked Equity Securities), issued on 12 January 2001 by Allianz Finance II B.V. for shares of Munich Re. On the same day the corresponding loan to Allianz AG was redeemed with shares of Munich Re.

Simultaneously with the offering of the Bonds, Allianz Finance II B.V. launched an offer for Basket Index Tracking Equity-linked Securities (BITES) with an issue volume of € 1,261,534,500 (the “**Notes**”). The term of the Notes is three years and the redemption value of these securities is linked to the DAX.

There has been no material change in the financial condition of Allianz Finance II B.V. since 31 December 2003, other than as disclosed in this Listing Prospectus or in documents incorporated by reference herein.

## CAPITALISATION OF ALLIANZ FINANCE II B.V.

The following table shows the capitalisation of Allianz Finance II B.V. as of 31 December 2004 based on figures not audited:

	<b>31 December 2004</b>
	(amounts in €)
<b>Shareholders' Equity</b>	
Issued capital .....	20,000
Share premium.....	30,000
Other reserves .....	882,595
Total Shareholders' Equity as of 31 December 2004	<hr/> 932,595
<b>Liabilities</b>	
<b>Long-term Liabilities</b>	
Bonds* .....	9,131,446,494
Loans from group companies.....	132,148,887
	<hr/> 9,263,595,381
<b>Short-term Liabilities</b>	
Current liabilities .....	257,801,885
Total Liabilities as of 31 December 2004* .....	<hr/> 9,521,397,266
Total Shareholders' Equity and Liabilities as of 31 December 2004*.....	<hr/> 9,522,329,861

\* Adjusted on a *pro forma* basis reflecting the Bonds and the Notes to be issued in February 2005.

The subscribed capital of Allianz Finance II B.V. has been fully paid in.

Simultaneously with the offering of the Bonds, Allianz Finance II B.V. launched an offer for Basket Index Tracking Equity-linked Securities (BITES) with an issue volume of € 1,261,534,500. The term of the Notes is three years and the redemption value of these securities is linked to the DAX.

Save as disclosed herein, there has been no material change in the capitalisation of Allianz Finance II B.V. since 31 December 2004.

## FINANCIAL STATEMENTS OF THE ISSUER

### Balance sheet as at 31 December (after proposed appropriation of the result)

	2003	2002	2001
	€	€	€
<b>Fixed Assets</b>			
Financial fixed assets:			
Loans to group companies .....	6,641,659,010	7,825,166,071	2,906,537,404
<b>Current Assets</b>			
Account receivable:	756,939,632	104,440,690	-
Prepayments and accrued income	147,199,655	189,645,887	205,244,404
Cash at banks	685,472	518,975	19
	<hr/> 904,824,759	<hr/> 294,605,552	<hr/> 205,244,423
	<hr/> 7,546,483,769	<hr/> 8,119,771,623	<hr/> 3,111,781,827
<b>Shareholders' Equity</b>			
Issued capital.....	20,000	20,000	20,000
Share premium.....	30,000	30,000	30,000
Other reserves .....	937,413	1,537,291	322,795
	<hr/> 987,413	<hr/> 1,587,291	<hr/> 372,795
<b>Long-term Liabilities</b>			
Bearer bonds .....	5,396,196,515	6,550,414,550	-
Exchangeable bonds.....	1,102,831,750	1,102,831,750	2,709,406,750
Loans from group companies.....	142,630,745	171,919,771	197,130,654
	<hr/> 6,641,659,010	<hr/> 7,825,166,071	<hr/> 2,906,537,404
<b>Current Liabilities</b>			
Bearer bonds .....	594,684,784	-	-
Accruals and deferred income.....	309,152,562	293,018,261	
	<hr/> 903,837,346	<hr/> 293,018,261	<hr/> 204,871,628
	<hr/> 7,546,483,769	<hr/> 8,119,771,623	<hr/> 3,111,781,827

**Profit and Loss Account for the years ended 31 December**

	<b>2003</b>	<b>2002</b>	<b>2001</b>
	€	€	€
<b>Financial Income</b>			
Income from financial fixed assets:			
Interest income.....	371,302,973	133,071,336	26,032,599
Discount on loans.....	42,267,009	37,151,218	1,102,434
Revaluation loan to Allianz AG .....	39,652,468	-	-
Devaluation exchangeable bond.....	-	533,572,759	372,441,000
	453,222,450	703,795,313	399,576,033
<b>Financial Expenses</b>			
Interest charges .....	350,270,515	122,357,326	21,516,355
Amortisation issue costs.....	6,537,091	3,113,430	74,179
Amortisation on option premium .....	28,240,321	28,240,321	928,449
Premium and discount on exchangeable bonds.....	7,489,599	5,714,370	182,903
Bank commission.....	17,977,559	8,855,003	3,774,608
Loss on exchange.....	71,185	8,102	-
Revaluation exchangeable DAX MILES .....	39,652,468	-	-
Devaluation loan to group company ....	-	533,572,759	372,441,000
	450,238,738	701,861,311	398,917,494
<b>Operating Expenses .....</b>	<b>237,342</b>	<b>152,225</b>	<b>85,930</b>
<b>Result before Taxation.....</b>	<b>2,746,370</b>	<b>1,781,777</b>	<b>572,609</b>
Corporation tax .....	946,248	567,281	241,296
<b>Result for the Year.....</b>	<b>1,800,122</b>	<b>1,214,496</b>	<b>331,313</b>

## **USE OF PROCEEDS**

The net proceeds of the issuance of Bonds in the amount of approximately € 1.38 billion will be used for general corporate purposes of the Group.

## DESCRIPTION OF THE GUARANTOR

### **Incorporation, Corporate Seat, Duration and Objects**

Allianz Aktiengesellschaft ("Allianz AG" or the "Guarantor" and together with its consolidated subsidiaries, "Allianz Group" or "Group") was founded in 1890 under the name "Allianz Versicherungs-Aktiengesellschaft". In 1985, the name was changed to "Allianz Aktiengesellschaft Holding" in connection with a change in the group structure. Effective 24 March 1997, the name was changed to "Allianz Aktiengesellschaft". The Guarantor has been incorporated as a stock corporation (*Aktiengesellschaft*) under the German Stock Corporation Act (*Aktiengesetz*).

The registered and head office of the Guarantor is at Königinstrasse 28, D-80802 Munich, Germany. The Guarantor is entered in the Commercial Register of the Lower Court (*Amtsgericht*) in Munich under number HRB 7158.

The duration of the Guarantor is unlimited.

Pursuant to Article 1 para. 2 of the Articles of Association of the Guarantor, the object of the Guarantor is the direction of an international group of companies, which are active in the areas of insurance, banking, asset management and other financial, consulting and similar services. The Guarantor holds interests in insurance companies, banks, industrial companies, investment companies and other enterprises. As a reinsurer, the Guarantor primarily assumes insurance business from its Group companies and other companies in which the Guarantor holds direct or indirect interests. In addition, the Guarantor is authorised to transact any business and to take any measures, which seem appropriate to serve the Guarantor's object. It may form and acquire companies and acquire interests in companies as well as manage companies, or it may confine itself to managing its interests. Within the framework of its object, the Guarantor is authorised to raise loans and to issue bonds.

The Guarantor's public announcements shall be published in the electronic German Federal Gazette (*elektronischer Bundesanzeiger*).

### **Share Capital**

As of the date of this Listing Prospectus, the issued share capital of the Guarantor amounts to € 987,584,000 consisting of 385,775,000 registered shares, each with no-par-value and with transfer restrictions. No-par-value shares do not have any nominal amount but represent equal fraction of the Guarantor's share capital. Registered shares means that the rights to attend and to vote at shareholders' meetings are dependent on the registration of the acquirer as shareholder in the share register of the Guarantor. In the event of a transfer without the approval of the Guarantor, the transferee will not acquire the shares and, thus, will not be registered in the shareholder register and will not be entitled to participate in shareholders' meetings or to vote, to receive dividends or any subscription rights. Approval for the transfer of shares, when duly applied for, will only be withheld if the Guarantor deems this to be necessary in the interest of the Guarantor on exceptional grounds; such grounds shall be made known to the applicant.

The subscribed capital of the Guarantor has been paid up in full.

The shares of the Guarantor are traded on all seven German stock exchanges (Frankfurt am Main, Düsseldorf, Hamburg, Stuttgart, Berlin-Bremen, Hanover and Munich), as well as on the London Stock Exchange, Swiss Stock Exchange, Zurich, and Paris Stock Exchange. American Depository Shares of the Guarantor are traded on the New York Stock Exchange.

## **Authorised and Conditional Capitals**

The Guarantor has several categories of authorised capital, which are set forth in its Articles of Association. At the annual General Meeting on 5 May 2004, the shareholders approved the following authorised capital for issuance of new registered shares by the Guarantor's management board (the "**Management Board**"), upon the approval of the Guarantor's supervisory board (the "**Supervisory Board**"):

- Up to €450,000,000 in the aggregate on one or more occasions on or before 4 May 2009 by issuing new registered no-par-value shares against contributions in cash and/or in kind (Authorised Capital 2004/I), of which the amount of €450,000,000 remains as of 17 February 2005. If the share capital is increased against contributions in cash, the shareholders are to be granted pre-emptive rights. However, the Management Board is authorised, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights:
  - (i) for fractional amounts;
  - (ii) if necessary to grant pre-emptive rights on new shares to holders of bonds issued by the Guarantor or its Group companies that carry conversion or option rights or conversion obligations to such an extent as such holders would be entitled after having exercised their conversion or option rights after any conversion obligations have been fulfilled; and
  - (iii) if the issue price of the new shares is not substantially lower than the market price and the shares issued under exclusion of pre-emptive rights pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act do not exceed 10% of the share capital, neither on the date when this authorisation takes effect nor on the date of exercise of this authorisation. The sale of treasury stock will be counted towards this limitation if the sale occurs during the term of this authorisation and if pre-emptive rights are excluded pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act. In addition, shares issued or required to be issued with respect to bonds carrying conversion or option rights or conversion obligations will also count towards this limitation, if the bonds are issued during the term of this authorisation under exclusion of pre-emptive rights pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act.

Furthermore, the Management Board is authorised, upon the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights in the case of a capital increase against contributions in kind. The Management Board is also authorised, upon the approval of the Supervisory Board, to determine the additional rights of the shares and the conditions of their issuance.

- Up to €10,000,000 in the aggregate on one or more occasions on or before 4 May 2009 by issuing new registered no-par-value shares against contributions in cash (Authorised Capital 2004/II), of which the amount of €7,296,000 remains as of 17 February 2005. The Management Board is authorised, upon the approval of the Supervisory Board:
  - (i) to exclude shareholders' pre-emptive rights in order to issue the new shares to the employees of the Guarantor and its Group companies;
  - (ii) to exclude pre-emptive rights with respect to fractional amounts; and
  - (iii) to determine the additional rights of these shares and the conditions of their issuance.

The Management Board is also authorised, upon the approval of the Supervisory Board, to determine the additional rights of the shares and the conditions of their issuance.

At the annual General Meeting on 5 May 2004, the shareholders have conditionally increased the share capital by an aggregate amount of €250,000,000 through issuance of up to 97,656,250 new registered no-par-value shares with dividend rights becoming effective at the beginning of the fiscal year in which such shares are issued (Conditional Capital 2004). The conditional capital increase shall be implemented only to the extent that conversion or option rights are exercised by holders of bonds that the Guarantor or its Group companies have issued against payment in cash pursuant to the authorisation approved by the annual General Meeting on 5 May 2004, or to the extent that mandatory conversion obligations are fulfilled, and insofar as no other methods of servicing these rights are used. The Management Board is authorised to determine the coordination of their issuance.

### **Changes in the Share Capital**

During the last three years, the share capital of the Guarantor was changed as follows (the data relates to the registration of the capital increase in the commercial register of the Guarantor in each case):

- In May 2004, the share capital was conditionally increased by an amount of up to €250,000,000 through issuance of up to 97,656,250 new no-par shares (Conditional Capital 2004). The conditional capital increase shall be carried out only to the extent that conversion or option rights are exercised by holders of bonds that the Guarantor or companies of Allianz Group have issued in accordance with the resolution of the General Meeting of 5 May 2004. On 25 and 26 January 2005, the Management Board resolved, with approval of the Supervisory Board of 25 January 2005, on the issue of the € 1,400,000,000 4.375 % Guaranteed Undated Subordinated Fixed to Floating Rate Callable Bonds including the Warrants, excluding the pre-emptive rights of the existing shareholders to subscribe for the Warrants in accordance with the authorisation by the General Meeting of 5 May 2004.
- in November 2004, the issued share capital of the Guarantor was increased from €984,880,000 by €2,704,000 to €987,584,000 by issuing 1,056,250 new no-par value shares from the Authorised Capital 2004/II;
- in November 2003, the issued share capital of the Guarantor was increased from €982,408,000 by €2,472,000 to €984,880,000 by issuing 965,625 new no-par value shares from authorised capital;
- in April 2003, the issued share capital of the Guarantor was increased by way of a rights issue against cash contributions from €682,408,000 by €300,000,000 to €982,408,000 by issuing 117,187,500 new no-par value shares;
- in November 2002, the issued share capital of the Guarantor was increased from €682,055,680 by €352,320 to €682,408,000 by issuing 137,625 new no-par value shares;

For further information regarding capital increases see also Note 13 to the consolidated financial statements of the annual report of Allianz Group for the year ended 31 December 2003.

### **Securities Convertible or Exchangeable in Shares of the Guarantor**

The Guarantor has currently no securities in issue which provide for a right of its holders to acquire shares of the Guarantor by converting or exchanging these securities or by exercising an option except for the warrants issued under Condition 1(d) of the € 1,400,000,000 4.375 % Guaranteed Undated Subordinated Fixed to Floating Rate Callable Bonds with warrants. Condition 1(d) provides that each Bond with a nominal value of € 1,000 is initially provided with 8 warrants (a "Warrant" and together the "Warrants") issued by the Guarantor. Each Warrant entitles the holder of the Warrant, in accordance with the terms and conditions of the Warrants, to acquire, subject to any amendment due to anti-dilution provisions, one no-par value share of the Guarantor to which rights to full dividends for the then current and all following fiscal years are attached. The Warrants were detached from the Bonds in their entirety on 17 February 2005 and are transferred separately.

## **Repurchase of Own Shares**

The Guarantor's annual General Meeting of 5 May 2004 has authorised the Guarantor, subject to certain conditions, to acquire its own shares:

- for trading purposes pursuant to Section 71 para. 1 No. 7 of the German Stock Corporation Act which may be effected through domestic or foreign credit institutions, that are majority-owned by the Guarantor; and
- for other purposes pursuant to Section 71 para. 1 No. 8 of the German Stock Corporation Act, which may be carried out, at the discretion of the Management Board, (i) through a stock exchange, (ii) through a public tender offer or a public invitation to tender shares, or (iii) through an exchange offer for shares of a listed company within the meaning of Section 3 para. 2 of the German Stock Corporation Act, or through a public invitation to tender shares.

The total amount of shares acquired pursuant to these authorisations may at no time exceed 10% of the Guarantor's share capital. The authorisations to repurchase own shares are effective until and including 4 November 2005.

With respect to purchases of own shares by the Guarantor, see also Note 13 to the consolidated financial statements of the consolidated annual report of Allianz Group for the year ended 31 December 2003. As at 30 September 2004, the Group held 17,926,289 treasury shares (see page 3 of "Allianz Group – Interim Report First Three Quarters of 2004").

## **Major Shareholders**

Based on the Guarantor's share register and the information provided pursuant to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*), as at 6 August 2004, Munich Re held 9.9% of the voting rights in the Guarantor. In addition, based on the filings under the corresponding provisions of the German Securities Trading Act and the share register of the Guarantor, the Guarantor is not aware of any other shareholder who, directly or indirectly, holds more than 5% of the share capital of the Guarantor in his own name.

## **Term and Dissolution**

The Guarantor has been established for an indefinite period of time. The Guarantor may be dissolved upon a resolution of the General Meeting requiring a majority of at least three quarters of the share capital represented during the resolution. The assets of the Guarantor remaining after servicing all liabilities are distributed among the shareholders pro rata to their shareholding in the Guarantor pursuant to the provisions of the German Stock Corporation Act .

## **Allianz Group**

The Group consists of the Guarantor and its consolidated subsidiaries. The Guarantor performs management and control functions within the Group. As of 31 December 2003<sup>2</sup>, the total assets of the Group amounted to € 936.0 [adjusted 935.9] billion (31 December 2002: € 852.2 [restated 852.1] billion) and the number of Group employees totalled 173,750 (31 December 2002: 181,651).

The Group's consolidated financial statements have been prepared on the basis of IFRS (International Financial Reporting Standards) accounting and valuation standards. In the 2003 consolidated financial statements, in addition to the Guarantor, 193 German and 972 foreign enterprises have been consolidated in

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<sup>2</sup> Due to a restatement of the 2002 financial statements the 2003 consolidated annual accounts also were adjusted. For further information see page 30 of the interim report first three quarters of 2004 beginning on page 93 of this Listing Prospectus.

full. 61 German and 39 foreign investment funds were also consolidated in the 2003 consolidated financial statements.

### **Business of the Group**

The Group is one of the leading service providers in global insurance, banking and asset management. The Group's insurance operations are focused on primary insurance and include activities in motor vehicle, home and building, transport and aviation, casualty and liability insurance, life insurance and health, credit and travel insurance. The Guarantor acts as the principal reinsurer for the Group Companies. The Group's banking business is comprised mainly of the Dresdner Bank Group. The Group is also engaged in asset management, deposit taking, mortgage lending and other financial as well as assistance services activities.

### **Fiscal year 2003**

As at fiscal year end 2003, the Allianz Group was positioned as follows:

#### **Insurance Business**

##### *Property and Casualty Insurance Business*

###### *- Germany*

The property and casualty insurance business in Germany comprises the activities of the German Property-Casualty Group and the Guarantor, which, besides acting as a holding company for the Group, also serves as the Group's reinsurer. The Group is the market leader in Germany as measured by gross premiums written. For the year ended 31 December 2003, the Group had 32,001 employees in Germany (2002: 32,862), gross written premiums of € 12.6 billion (2002: € 12.3 billion) and earnings after taxes and before goodwill amortisation of € 4.1 [adjusted 4.2] billion (2002: € 9.2 [restated 9.1] billion).

###### *- France*

Prior to the acquisition of Assurances Générales de France ("AGF"), the Group was active in France through Allianz Assurances, Rhin et Moselle Assurances and Les Assurances Générales IARD. Since 1998, AGF and its subsidiaries, including the Athéna enterprises (together the "**AGF Group**"), are part of the Group. As of 31 December 2003, the Group ranked third in the French property and casualty business as measured by gross premiums written. For the year ended 31 December 2003, the Group had 13,345 employees (at year end) in France (2002: 13,797), gross written premiums of € 5.4 billion (2002: € 4.9 billion) and earnings after taxes and before goodwill amortisation of € 294 [adjusted 321] million (2002: € 383 [restated 371] million).

###### *- Italy*

The property and casualty business of the Group in Italy is conducted by its subsidiaries, the RAS Group and Lloyd Adriatico, which together ranked third in Italy as of 31 December 2003 as measured by gross premiums written. For the year ended 31 December 2003, the Group had 6,365 employees (at year end) in Italy (2002: 6,345), gross written premiums of € 5.1 billion (2002: € 4.9 billion) and earnings after taxes and before goodwill amortisation of € 402 [adjusted 474] million (2002: € 842 [restated 893] million).

###### *- Switzerland*

In Switzerland, the property and casualty business of the Group is conducted by Allianz Suisse Versicherungs-Gesellschaft. This company resulted from the merger of the Group's ELVIA, Berner Versicherung and Allianz Schweiz companies. For the year ended 31 December 2003, Allianz Suisse Versicherungs-Gesellschaft ranked fourth in its market as measured by gross premiums written, had 2,604 employees (at year end) in Switzerland (2002: 2,887), gross written premiums of € 1.3 billion (2002: € 1.2 billion) and earnings after taxes and before goodwill amortisation of € 19 [adjusted 22] million (2002: € 31 [restated 28] million). In addition, Allianz Risk Transfer (ART), which provides comprehensive solutions to risk management problems to companies in

the service, financial and industrial sectors had gross written premiums of € 492 million (2002: € 512 million) and earnings after taxes and before goodwill amortisation of € 38 million (2002: € 33 million).

- *Great Britain*

The Group services this market through its subsidiary Cornhill and was ranked sixth in the British property and casualty market as at 31 December 2003. For the year ended 31 December 2003, Cornhill had 4,347 employees (at year end) in Great Britain (2002: 4,121), gross written premiums of € 2.5 billion (2002: € 2.7 billion) and earnings after taxes and before goodwill amortisation of € 199 million (2002: € 237 million).

- *Spain*

The property and casualty insurance company Allianz Compañía de Seguros y Reaseguros and the direct insurer, Fenix Directo, ranked together second in the Spanish market as at 31 December 2003 as measured by gross premiums written. For the year ended 31 December 2003, the Group had 2,262 employees (at year end) in Spain (2002: 2,248), gross written premiums of € 1.7 billion (2002: € 1.5 billion) and earnings after taxes and before goodwill amortisation of € 97 million (2002: € 62 million).

- *Rest of Europe*

The Group sells property and casualty insurance in the Netherlands, Austria, Ireland, Belgium, Portugal, Luxembourg and Greece and is present in Hungary, Slovakia, the Czech Republic and Poland. In addition, the Group writes property and casualty insurance in Croatia, Bulgaria, Romania and Russia. For the year ended 31 December 2003, in the rest of Europe the Group had gross written premiums of € 5.3 billion (2002: € 4.8 billion) and earnings after taxes and before goodwill amortisation of € 604 million (2002: € 418 million).

- *NAFTA Region*

The Group is represented in the economic zone of the North American Free Trade Agreement ("NAFTA Region") with the following companies: in the United States, with Fireman's Fund Insurance Company ("FFIC") and Allianz Global Risks US Insurance Company, formerly Allianz Insurance Company; in Mexico with Allianz México Compañía de Seguros S.A. and in Canada with Allianz Insurance Company of Canada (as of 31 December 2004, the property and casualty insurance operations with the exception of the industrial lines business in Canada have been sold). For the year ended 31 December 2003, the Group had 6,464 employees (at year end) in the NAFTA Region (2002: 7,140) and gross written premiums of € 5.3 billion (2002: € 6.0 billion). The Group reported losses after taxes and before goodwill amortisation of € 107 [adjusted 95] million in the NAFTA region (2002: loss of € 933 [restated 944] million). FFIC contributes most of the sales in the NAFTA Region. For the year ended 31 December 2003, FFIC had 4,986 employees (at year end) in the United States (2002: 5,707), gross written premiums of € 3.9 billion (2002: € 4.5 billion) and earnings after taxes and before goodwill amortisation of € 155 [adjusted 167] million (2002: losses of € 666 [restated 678] million).

- *South America*

In South America, the Group is represented by subsidiaries in Argentina, Brazil, Chile, Venezuela and Colombia. For the year ended 31 December 2003, the Group had gross written premiums of € 614 million in South America (2002: € 768 million) and earnings after taxes and before goodwill amortisation of € 13 million (2002: € 47 million).

- *Asia-Pacific Region*

The Group is represented in almost all markets of the Asia-Pacific region either by subsidiaries or joint ventures. For the year ended 31 December 2003, the Group had gross written premiums of € 1.7 billion in the Asia-Pacific Region (2002: € 1.6 billion) and earnings after taxes and before goodwill amortisation of € 92 million (2002: losses of € 18 million).

### *Credit Insurance Business*

The Group was the world's leading credit insurer as at 31 December 2003. The Group's global credit insurance is provided through Euler Hermes group.

Euler Hermes group provides customers around the world with a wide range of credit insurance and related products and services, including commercial credit insurance and reinsurance, factoring insurance, fidelity insurance and consumer credit insurance, and manages and derives fee income from the German federal government's export credit guarantee programme.

Gross premium income for the Group from its credit insurance business remained at € 1.6 billion for the year ended 31 December 2003 (2002: € 1.6 billion). The Group had 5,057 employees at year end 2003 (2002: 5,687) and earnings after taxes and before goodwill amortisation of € 119 million (2002: € 16 [restated 15] million).

### *Travel Insurance and Assistance Services Business*

With sales of € 1.0 billion for the year ended 31 December 2003, the Mondial Assistance Group ranked first among service providers in the travel insurance and assistance services segment. Thus, the company defied the especially difficult situation of the travel industry in the wake of the terrorist attacks of 2001 and 2002, the outbreak of SARs and the war in Iraq.

For the year ended 31 December 2003, the Group had 7,506 employees (at year end) (2002: 7,083), gross premium income from its travel insurance and assistance services business amounted to € 818 million (2002: € 808 million) and earnings after taxes and before goodwill amortisation of € 18 million (2002: € 21 million).

### *Allianz Global Risks Rückversicherungs-AG*

Allianz Global Risks Rückversicherungs-AG has been in existence since 1 January 2002. This company handles all reinsurance business with the Group's major international clients. Gross premiums as of 31 December 2003, amounted to € 1.3 billion (2002: € 1.1 billion). The company reported earnings after taxes and before goodwill amortisation of € 77 million (2002: loss of € 257 million).

### *Allianz Marine & Aviation*

Allianz Marine & Aviation is the Group's European insurer that specialises in transportation, shipping, and aviation risks. It handles activities in Germany, France, and Great Britain that were previously managed separately, and now includes Allianz Marine & Aviation Versicherungs-AG (formerly Allianz Globus MAT Versicherungs-AG) and Allianz Marine & Aviation (France), which was previously called AGF MAT.

Gross premiums written declined by 24.6% to € 1.1 billion as of 31 December 2003 mostly due to foreign exchange effects. Earnings after taxes and before goodwill amortisation amounted to € 64 million as of 31 December 2003 (2002: € 17 million).

### *Life and Health Insurance Business*

#### *- Germany*

The Group's life and health insurance business in Germany is handled by Allianz Lebensversicherungs-AG, Deutsche Lebensversicherungs-AG and Allianz Private Krankenversicherungs-AG, formerly known as Vereinte Krankenversicherung AG. In Germany, the Group is the market leader in life insurance and the third-largest health insurer by 2003 total sales. For the year ended 31 December 2003, the Group had 9,829 employees in Germany (at year end) (2002: 9,683), total sales of € 13.4 billion (2002: € 12.6 billion) and a loss after taxes and before goodwill amortisation of € 48 [adjusted 4] million (2002: earnings of € 137 [restated 119] million).

- *France*

The Group is represented in France by the AGF Group. In the French life insurance market, it continued to rank at eighth place and remained the second-largest provider of health insurance by 2003 total sales. For the year ended 31 December 2003, the Group had total sales of € 4.4 billion (2002: € 4.3 billion) and earnings after taxes and before goodwill amortisation of € 191 [adjusted 208] million (2002: loss after taxes and before goodwill amortisation in the amount of € 223 [restated 231] million).

- *Italy*

The Group's life insurance business in Italy is conducted by its subsidiaries, the RAS Group and Lloyd Adriatico. Taken together, they represented the second-largest life insurance provider in the Italian market by 2003 total sales. For the year ended 31 December 2003, the Group had total sales of € 9.0 billion (2002: € 7.7 billion) and earnings after taxes and before goodwill amortisation of € 221 [adjusted 223] million (2002: € 289 [restated 287] million).

- *Switzerland*

In Switzerland, the Group offers life and health insurance through Allianz Suisse Lebensversicherungsgesellschaft which was ranked sixth place in the Swiss market by 2003 total sales. For the year ended 31 December 2003, the Group had total sales of € 1.2 billion (2002: € 1.2 billion) and a loss after taxes and before goodwill amortisation of € 8 million (2002: € 80 million).

- *Spain*

The Group is represented through Allianz Seguros and Eurovida, a bancassurance joint venture in the Spanish market. Together they were the 8th-largest life insurer as at 31 December 2003 in the Spanish market. For the year ended 31 December 2003, the Group had total sales of € 611 million (2002: € 551 million) and recorded earnings after taxes and before goodwill amortisation of € 33 million (2002: after tax and before goodwill amortisation of € 30 million).

- *Rest of Europe*

In life and health insurance business, the Group is represented in Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Great Britain, Greece, Hungary, Luxembourg, the Netherlands, Poland, Portugal and Slovakia. For the year ended 31 December 2003 the Group had total sales of life and health insurance of € 2.1 billion (2002: € 1.7 billion) and earnings after taxes and before goodwill amortisation of € 7 [adjusted 38] million (2002: loss after tax and before goodwill amortisation of € 77 [restated 114] million).

- *United States of America*

The Group is represented in the United States of America by Allianz Life of North America. For the year ended 31 December 2003, Allianz Life had 2,218 employees (at year end) (2002: 1,997), total sales of € 8.6 billion (2002: € 9.5 billion) and earnings after taxes and before goodwill amortisation of € 165 million (2002: loss after tax and before goodwill amortisation of € 18 [restated 23] million).

- *Asia-Pacific Region*

The Group also supplies life and health insurance in the Asia-Pacific Region.

With total sales of € 1.6 billion for the year ended 31 December 2003 (2002: € 1.9 billion), Allianz Life Insurance South Korea, formerly known as Allianz First Life, is the Group's biggest company in this region. For this entity, the Group had to report an impairment of goodwill amounting to € 224 million due to the combination of a persistently low interest rate environment and high guaranteed minimum interest rates in this market.

The Group also offers life and health insurance in Indonesia. In Malaysia, the Group sells life insurance through its subsidiary Allianz Life Insurance Malaysia Berhad. The Group also operates life insurance joint

ventures in Taiwan, Thailand, China and (since 2001) India. In Pakistan, the Group underwrites health insurance only.

The region reported earnings after taxes and before goodwill amortisation for fiscal year 2003 of 2 [adjusted 18] million (2002: loss after tax and before goodwill amortisation of € 9 [restated 25] million).

- *Other Markets*

In South America, the Group provides life insurance in Brazil, Colombia, Chile, Argentina and Venezuela. For the year ended 31 December 2003, the Group had total sales of € 130 million in these countries (2002: € 237 million).

**Banking Business**

The Group's banking business is comprised mainly of the Dresdner Bank Group, which was integrated into the financial statements of the Group as of 23 July 2001. This segment does not include the asset management activities of the Dresdner Bank Group which are described in "*Asset Management Business*" below.

As of 31 December 2003, the Dresdner Bank Group operated approximately 1,040 branch offices and had 42,000 employees. Principal banking products and services include traditional commercial banking activities such as deposit taking, lending (including residential mortgage lending), cash management as well as corporate finance advisory services, mergers and acquisition advisory services, capital and money market services, securities underwriting, securities trading and derivatives business on Dresdner's own account and for its customers.

In the banking business the Group managed to significantly improve the operating result by € 1.6 billion compared to the previous year. This turnaround was achieved in a business environment characterised by a recovery in share prices and gradual improvement in economic development in the second half of 2003. At the same time the Group streamlined the business portfolio of Dresdner Bank and eliminated risks from the balance sheet.

Interest-earning business suffered from persistently low interest levels and intensive competition with respect to conditions. For the year ended 31 December 2003, net interest income amounted to € 2.8 billion (2002: € 3.8 billion), net commission income amounted to € 2.5 billion (2002: € 2.7 billion), total trading income amounted to € 1.5 billion (2002: € 1.1 billion), the balance of other income and expenses amounted to - € 1.6 billion (2002: € 0.7 billion) and administrative expenses amounted to € 6.1 billion (2002: € 7.3 billion).

In fiscal year 2003, total losses before taxes in the banking segment amounted to € 2.2 billion. After taxes and minority interests a loss of € 1.3 billion was incurred (2002: loss of € 1.4 billion).

- *Private & Business Clients*

In 2003, the Group's business with private and business customers was once again overshadowed by difficult market conditions.

On one hand administrative expenses were reduced by € 0.2 billion, on the other hand significant restructuring expenses had to be incurred (€ 0.3 billion). For the year ended 31 December 2003, the Group's business with private and business customers produced a loss after taxes and before goodwill amortisation of € 173 million (2002: losses of € 304 million).

- *Corporates & Markets*

The results of the Corporates & Markets division could be significantly improved in 2003. While operating income decreased slightly to € 3.7 billion, administrative expenses were reduced significantly from € 3.6 billion to € 2.6 billion due to cost-cutting and restructuring measures. Loan loss provisions could be almost halved from € 1.6 billion to 0.9 billion. Accordingly, losses after taxes and before goodwill amortisation could be sharply reduced to € 273 million for the year ended 31 December 2003 (2002: loss of € 1.6 billion).

## **Asset Management Business**

The Group distinguishes between two categories of assets under management: (i) asset management for third party investors and other financial services; and (ii) own assets under management, which include investments used to cover insurance provisions, equity capital and borrowed funds.

### *- Asset management for third parties and other financial services*

Over the past five years, the Group has expanded its asset management operations for third party investors into a core business area, mainly through acquisitions. Following the acquisition of Dresdner Bank in 2001, the Group combined all operative asset management units in the Allianz Dresdner Asset Management (ADAM) division. The Group now has production and distribution capacities in all essential markets, reaching 60 million customers and institutional investors. The Group has created a global platform for its asset management business and the Group has significant market shares in the U.S. and in Europe.

The main operating companies include Deutsche Investment Trust (dit) and Dresdner Bank Investment Management (dbi) as well as Dresdner RCM Global Investors, PIMCO, AGF Asset Management and RAS Asset Management, in Europe, and PIMCO, Nicholas-Applegate, Dresdner RCM Global Investors and Oppenheimer Capital in the United States.

For the year ended 31 December 2003, total assets under management amounted to € 996 billion (2002: € 989 million). In 2003, approximately 57% or € 565 billion (2002: € 561 billion) were assets managed for third party investors. Around 72% of this amount were invested in fixed-income securities, 26% were invested in stocks, and the rest in other investments.

In terms of volume, the share of institutional investors was 60% in 2003. For the year ended 31 December 2003, the Group's Asset Management segment significantly reduced after-tax losses to € 270 million (2002: loss of € 467 million). This includes acquisition-related expenses totalling € 836 million before taxes. Thereof, amortisation of goodwill amounted to € 369 million. The Group amortises the goodwill of the ADAM companies by the straight-line method over twenty years. € 137 million were charged as amortisation of "capitalised loyalty bonuses" for the management of the PIMCO group. These loyalty bonuses were part of the price paid for the company and are amortised over five years from the date of the acquisition. Additional retention payments intended to incite management and employees of PIMCO and Nicholas-Applegate to stay with the company amounted to € 330 million.

Minority interests in earnings amounted to € 183 million (2002: € 230 million). Of this amount, the former owner of the PIMCO group, PacLife, received € 66 million.

PacLife possesses a put option, which can be exercised in a volume of up to USD 250 million each quarter beginning at the end of the first quarter of 2003. PacLife exercised this option in the first, second, third and fourth quarters of 2003, reducing its stake from 30% to 15%.

### *- Investments*

The Group's investments (in market values) in 2003 decreased to € 399 billion (2002: € 403 billion), of which € 61 billion were trading investments (2002: € 71 billion). Of the Group investments excluding trading investments, 4.1% (2002: 4.5%) was invested in real estate, 16.4% (2002: 19.0%) in dividend-bearing equity securities, 75.6% (2002: 73.2%) in interest-bearing securities and 3.9% (2002: 3.3%) in other investments.

Net investment income rose to € 16.9 [adjusted € 17.6] billion as of 31 December 2003 (2002: € 16.6 [restated 15.8] billion). This increase is attributable to higher realised gains and lower realised losses and depreciations/write-downs. Investments in the insurance business contributed € 14.6 [adjusted 15.3] billion (2002: € 13.8 [restated 13.0] billion) to net investment income. The banking segment contributed a further € 2.2 billion (2002: € 2.7 billion) to investment income.

## **First Three Quarters of 2004**

For an overview of the business of the Group as of 30 September 2004, please see "Allianz Group – Interim Report First Three Quarters of 2004" beginning on page 93.

### **Management Board**

The Guarantor's Management Board must have at least two members and consists currently of ten members. As of 17 February 2005, the following persons are members of the Management Board:

<u>Name</u>	<u>Function Within Group</u>
Michael Diekmann .....	Chairman of the Management Board
Dr. Paul Achleitner .....	Group Finance
Detlev Bremkamp .....	Europe II
Jan R. Carendi .....	Americas
Dr. Joachim Faber .....	Allianz Global Investors (AGI)
Dr. Reiner Hagemann .....	Europe I
Dr. Helmut Perlet .....	Group Controlling, Accounting, Taxes, Compliance
Dr. Gerhard Rupprecht .....	Group Information Technology / Life Insurance Germany
Dr. Herbert Walter .....	Allianz Dresdner Banking
Dr. Werner Zedelius .....	Growth Markets

On 15 December 2004, the Supervisory Board appointed Mario Greco to the Management Board as of 1 May 2005. Mario Greco will assume responsibility for Europe II. Detlev Bremkamp will retire from the Management Board by the end of 2005.

### **Supervisory Board**

The Guarantor's Articles of Association require the Supervisory Board to be made up of 20 members, of whom ten are elected by the shareholders and ten by employees. As of 17 February 2005, the following are members of the Supervisory Board:

<u>Name</u>	<u>Principal Occupation</u>
Dr. Henning Schulte-Noelle (Chairman) ..	Former chairman of the Management Board, Allianz AG
Norbert Blix (Deputy Chairman) .....	Employee of Allianz Versicherungs-AG
Dr. Wulf H. Bernotat .....	Chairman of the board of management of E.ON AG
Dr. Diethart Breipohl .....	Former member of the Management Board of Allianz AG
Dr. Gerhard Cromme .....	Chairman of the supervisory board of ThyssenKrupp AG
Claudia Eggert-Lehmann .....	Employee of Dresdner Bank AG
Hinrich Feddersen .....	Former member of the federal steering committee of ver.di (Vereinte Dienstleistungsgewerkschaft)
Peter Haimerl .....	Employee of Dresdner Bank AG
Prof. Dr. Rudolf Hickel .....	Professor for finance of University of Bremen
Dr. Renate Köcher .....	Head of "Institut für Demoskopie Allensbach"

<u>Name</u>	<u>Principal Occupation</u>
Igor Landau .....	Former chairman of the board of management of Aventis S.A.
Frank Ley .....	Employee of Allianz Lebensversicherungs-AG
Dr. Max Link .....	Executive employee of Allianz Versicherungs-AG
Karl Neumeier .....	Employee of Allianz Versicherungs-AG
Sultan Salam .....	Employee of Dresdner Bank AG
Dr. Albrecht Schäfer .....	Head of Corporate Personnel World of Siemens AG
Dr. Manfred Schneider .....	Chairman of the supervisory board of Bayer AG
Margit Schoffer .....	Employee of Dresdner Bank AG
Dr. Herrmann Scholl .....	Chairman of the board of management of Robert Bosch GmbH
Prof. Dr. Dennis Snower .....	President of the "Institut für Weltwirtschaft" of the University of Kiel

The business address of the members of the Management Board and the Supervisory Board is Königinstrasse 28, D-80802 Munich.

#### **Share Ownership**

As of 18 June 2004, based on the Guarantor's share register, the members of the Management Board and the Supervisory Board held in the aggregate approximately 2,800 shares of the Guarantor.

#### **Loans to members of the Management Board and the Supervisory Board**

In the normal course of business, and subject to applicable legal restrictions, members of the Management Board and the Supervisory Board had been granted loans by Dresdner Bank AG and other Group companies. Such loans are subject to the usual conditions in the industry. No additional loans were granted in 2002 and 2003. On 31 December 2003, loans to Management Board members granted in previous years by subsidiaries of Allianz AG amounted to € 0.086 million (2002: € 0.5 million).

#### **Financial Year**

The financial year of Allianz AG is the calendar year.

#### **Auditors**

The auditors of the Guarantor and the Group are KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Ganghoferstrasse 29, D-80339 Munich. The financial statements and consolidated statements for 31 December 2001, 31 December 2002 and 31 December 2003 were audited by the auditors and an unqualified audit opinion was given in each case.

#### **Recent Developments**

Allianz Group is active in a highly regulated business and is subject to changes in the regulatory environment as well as tax regulation.

In 2004, the German legislative authorities approved the retirement savings law. This law regulates taxation of retirement savings products as well as long-term savings products starting in 2005. This includes newly created tax incentivised products as well as existing products, i.e. traditional life insurance contracts. Due to the removal of some of the tax advantages of the traditional life insurance contracts, demand for these

products has been extraordinarily high towards the end of 2004. Due to this extraordinarily high basis in 2004, it is uncertain whether this rate of growth can be maintained in 2005.

Effective 1 January 2005, the EU directive on the supervision of financial conglomerates has been implemented. It introduces among others a capital requirement for financial conglomerates such as Allianz Group. Further, a supervisory regime for German reinsurance companies has been introduced which provides for a licence requirement, solvency standards and capital requirements for reinsurance companies. The new reinsurance supervisory regime anticipates a draft EU directive on reinsurance which is currently in discussion which also contains rules on assets covering technical reserves. These new requirements affect Allianz Group as financial conglomerate and Allianz AG as reinsurance company. Details for the calculation of the new solvency requirements under both regimes are still under discussion. Further amendments to the draft EU reinsurance directive may also require additional amendments in the German reinsurance supervision and may thus have an impact on Allianz AG.

On 26 January 2005, Allianz AG announced the following transactions, of which the Bond forms a part:

- (a) Issuance of € 1,400,000,000 4.375% Guaranteed Undated Subordinated Fixed to Floating Rate Callable Bonds with Warrants through Allianz Finance II B.V. and guaranteed by Allianz AG. The Bonds and the Warrants were immediately separated on the Issue Date and placed separately.
- (b) Issuance of € 1,261,534,500 Basket Index Tracking Equity-linked Securities (BITES) through Allianz Finance II B.V. and guaranteed by Allianz AG. The Notes are – subject to certain conditions and exceptions – mandatorily exchangeable into shares of BMW AG, Münchener Rückversicherungs-Gesellschaft AG and Siemens AG (each a “**Mandatory Share**”), whereby the determination of the Mandatory Share upon settlement is at the discretion of Allianz Finance II B.V.
- (c) Disposal of Dresdner Bank AG’s stake in Allianz AG consisting of approximately 17.2 million shares using the current authorisations to exclude pre-emptive rights of existing Allianz AG shareholders at a sale price not materially below the stock exchange price at the time of the sale.

On 27 January 2005 AGF, a French subsidiary of Allianz AG, announced the issuance of a € 400 million subordinated bond issue. The AGF bond, which is not guaranteed by Allianz AG, is undated and has a coupon of 4.625%.

### **Outlook**

Please see the section entitled "Outlook" on page 18 of "Allianz Group — Interim Report First Three Quarters of 2004" beginning on page 93.

## CAPITALISATION OF ALLIANZ GROUP

The following table shows the unaudited consolidated capitalisation of the Group as of 30 September 2004:

	<b>30 September 2004</b> (amounts in €million)
Trading liabilities .....	104,975
Liabilities to banks .....	193,870
Liabilities to customers .....	183,895
Certificated liabilities* .....	55,987
Provisions and other Liabilities .....	62,029
<b>Total liabilities excluding subordinated liabilities .....</b>	<b>600,756</b>
Insurance reserves for life insurance where the investment risk is carried by policyholders .....	32,914
Insurance Reserves .....	334,313
Subordinated liabilities* .....	13,257
Participation certificates .....	1,605
Minority interest .....	8,996

The Group's shareholders' equity as of 30 September 2004 was comprised of:

Paid-in capital* .....	19,520
Revenue reserves .....	8,156
Translation differences.....	-1,801
Unrealised gains and losses .....	4,069
<b>The Group's shareholders' equity as of 30 September 2004 .....</b>	<b>29,944</b>

\*Adjusted on a *pro forma* basis to reflect the Bonds and the Notes to be issued in February 2005.

Save as disclosed in this Listing Prospectus, there has been no material change in the consolidated capitalisation of the Group since 30 September 2004.

## STATEMENTS OF ALLIANZ GROUP

### Consolidated Balance Sheet<sup>4</sup>

	Note	for the Year ended 31 December		
		2003 €million	2002 €million	2001 €million
<b>ASSETS</b>				
A.	Intangible assets .....	5	16,262	18,273
B.	Investments in affiliated enterprises, joint ventures, and associated enterprises .....	6	6,442	11,345
C.	Investments.....	7	295,067	285,340
D.	Investments held on account and at risk of life insurance policyholders .....		32,460	25,657
E.	Loans and advances to banks .....	8	117,511	86,822
F.	Loans and advances to customers.....	8	203,259	188,084
G.	Trading assets .....	9	146,154	124,842
H.	Cash and cash equivalents .....	10	25,528	21,008
I.	Amounts ceded to reinsurers from insurance reserves.....	11	25,061	28,420
J.	Deferred tax assets.....	37	14,403	13,311
K.	Other assets .....	12	53,804	49,070
<b>Total assets .....</b>		<b>935,951</b>	<b>852,172</b>	<b>942,925</b>
<b>EQUITY AND LIABILITIES</b>				
A.	Shareholders' equity .....	13	28,592	21,673
B.	Minority interests in shareholders' equity..	14	8,367	8,315
C.	Participation certificates and subordinated liabilities .....	15	12,230	14,174
D.	Insurance reserves .....	16	311,471	305,763
E.	Insurance reserves for life insurance where the investment risk is carried by policyholders .....		32,460	25,687
F.	Liabilities to banks .....	17	178,316	137,332
G.	Liabilities to customers .....	18	154,728	147,266
H.	Certificated liabilities .....	19	63,338	78,750
I.	Trading liabilities.....	20	84,835	53,520
J.	Other accrued liabilities.....	21	13,908	13,069
K.	Other liabilities .....	22	31,725	31,425
L.	Deferred tax liabilities .....	37	13,548	12,188
M.	Deferred income .....	23	2,433	3,010
<b>Total equity and liabilities .....</b>		<b>935,951</b>	<b>852,172</b>	<b>942,925</b>

*The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Listing Prospectus.*

<sup>4</sup> The 2003 and 2002 consolidated balance sheet line items below reflect the results of the restatement discussed in Note 1 of the consolidated interim report for the first three quarters of 2004 of the Allianz Group.

The 2002 and 2001 consolidated balance sheet line items below reflect the results of the restatement discussed in Note 2 of the consolidated annual report of the Allianz Group for the year ended 31 December 2003.

As a result of these restatements, the Allianz Group's consolidated balance sheets are adjusted as follows:

	<b>adjusted for the year ended</b>		
	<b>31 December 2003</b>	<b>31 December 2002</b>	<b>31 December 2001</b>
<b>Assets</b>			
J. Deferred tax assets	14,364	13,272	8,442
K. Other assets			55,764
Total assets	935,912	852,133	942,986
<b>Equities and Liabilities</b>			
A. Shareholders' equity		21,674	31,613
B. Minority interest in shareholders' equity		8,314	17,425
K. Other liabilities			37,272
L. Deferred tax liabilities	13,509	12,149	
Total equity and liabilities	935,912	852,133	942,986

## Consolidated Income Statement<sup>5</sup>

Note	for the Year Ended 31 December		
	2003 €million	2002 €million	2001 €million
1. Premiums earned (net) .....	24	55,978	55,133
2. Interest and similar income .....	25	22,562	28,210
3. Income (net) from investments in affiliated enterprises, joint ventures, and associated enterprises .....	26	3,030	4,398
4. Other income from investments .....	27	9,914	9,355
5. Trading income .....	28	243	1,507
6. Fee and commission income, and income from service activities .....	29	6,060	6,102
7. Other income .....	30	3,780	2,971
<b>Total income (1. to 7.) .....</b>		<b>101,567</b>	<b>107,676</b>
<b>8. Insurance benefits (net) .....</b>	<b>31</b>	<b>(50,033)</b>	<b>(50,229)</b>
9. Interest and similar expenses .....	32	(6,437)	(10,651)
10. Other expenses for investments .....	33	(10,492)	(14,102)
11. Loan loss provisions .....	34	(1,027)	(2,241)
12. Acquisition costs and administrative expenses .....	35	(22,117)	(24,502)
13. Amortisation of goodwill .....	5	(1,413)	(1,162)
14. Other expenses .....	36	(7,520)	(6,098)
<b>Total expenses (8. to 14.) .....</b>		<b>(99,039)</b>	<b>(108,985)</b>
<b>15. Earnings from ordinary activities before taxes ....</b>		<b>2,528</b>	<b>(1,309)</b>
16. Taxes .....	37	(130)	768
17. Minority interests in earnings .....	14	(782)	(688)
<b>18. Net income .....</b>		<b>1,616</b>	<b>(1,229)</b>
		<b>€</b>	<b>€</b>
Basic earnings per share	43	<b>4.78</b>	<b>(4.44)</b>
Diluted earnings per share .....	43	<b>4.77</b>	<b>(4.44)</b>
		<b>€</b>	<b>€</b>
		<b>5,71</b>	<b>5,71</b>

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Listing Prospectus.

<sup>5</sup> The 2003 and 2002 consolidated income statement line items below reflect the results of the restatement discussed in Note 1 of the consolidated interim report for the first three quarters of 2004 of the Allianz Group.

The 2002 and 2001 consolidated income statement line items below reflect the results of the restatement discussed in Note 2 of the consolidated annual report of the Allianz Group for the year ended 31 December 2003.

As a result of these restatements, the Allianz Group's consolidated income statements are adjusted as follows:

	adjusted for the year ended		
	31 December 2003	31 December 2002	31 December 2001
4. Other income from investments	10,002		2,479
7. Other income			95,957
Total income (1. to 7.)	101,655	(49,789)	
8. Insurance benefits	(50,432)		(7,947)
9. Interest and similar expenses			(19,324)
10. Other expenses for investments	(9,848)	(14,866)	
12. Acquisition costs and administrative expenses			(6,378)
14. Other expenses			

Total expenses (8. to 14.)	(98,794)	(109,309)	(94,130)
15. Earnings from ordinary activities before taxes	2,861	(1,633)	1,827
16. Taxes	(146)	807	840
17. Minority interests in earnings	(825)	(670)	
Net income	1,890	(1,496)	1,623
Basic earnings per share	5.59	(5.40)	
Diluted earnings per share	5.57	(5.40)	

**Statement of Changes in Shareholders' Equity<sup>6</sup>**

	Paid-in capital €million	Revenue Reserves €million	Foreign currency translation adjustment €million	Unrealised gains and losses (net) €million	Share- holders' equity €million
<b>31 December 2000</b>	7,994	13,145	1,005	13,448	35,592
Currency translation adjustments ..			(129)	38	(91)
Changes in the group of consolidated companies.....		(554)			(554)
Capital paid in .....	6,775				6,775
Treasury stock .....		(5,801)			(5,801)
Unrealised investment gains and losses .....				(5,210)	(5,210)
Net income for the year .....		1,585			1,585
Shareholders' dividend .....		(367)			(367)
Miscellaneous.....		(316)			(316)
	_____	_____	_____	_____	_____
<b>31 December 2001</b> .....	14,769	7,692	876	8,276	31,613
Currency translation adjustments ..			(1,218)	(29)	(1,247)
Changes in the group of consolidated companies.....		364			364
Capital paid in .....	16				16
Treasury stock .....		(157)			(157)
Unrealised investment gains and losses .....				(7,198)	(7,198)
Net income for the year .....		(1,229)			(1,229)
Shareholders' dividend .....		(364)			(364)
Miscellaneous.....		(125)			(125)
	_____	_____	_____	_____	_____
<b>31 December 2002</b> .....	14,785	6,181	(342)	1,049	21,673
Currency translation adjustments ...			(1,574)	(125)	(1,699)
Changes in the group of consolidated companies.....		(1,117)		876	(241)
Capital paid in .....	4,562				4,562
Treasury stock .....		1,413			1,413
Unrealised investment gains and losses .....				2,454	2,454
Net income for the year .....		1,616			1,616
Shareholders' dividend .....		(374)			(374)
Miscellaneous.....		(812)			(812)
	_____	_____	_____	_____	_____
<b>31 December 2003</b> .....	19,347	6,907	(1,916)	4,254	28,592

The column foreign currency translation adjustments shows the currency translation differences accrued since 1 January 1997 (conversion to IFRS accounting), which are recorded in shareholders' equity and not recognised in net income.

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<sup>6</sup> The 2003 and 2002 statements of changes in shareholders' equity line items below reflect the results of the restatement discussed in Note 1 of the consolidated interim report for the first three quarters of 2004 of the Allianz Group.

The 2001 statement of changes in shareholders' equity line items below reflect the results of the restatement discussed in Note 2 of the consolidated annual report of the Allianz Group for the year ended 31 December 2003.

As a result of these restatements, the Allianz Group's statements of changes in shareholders' equity are adjusted as follows:

	<b>Revenue Reserves</b>	<b>Unrealised gains and losses</b>
<b>2002</b>		
Unrealised investment gains and losses		(6,930)
Net income for the year	(1,496)	
<b>2003</b>		
Unrealised investment gains and losses		2,179
Net income for the year	1,890	

## Cash Flow Statement<sup>7</sup>

	2003 €million	2002 €million	2001 €million
Net income for the year .....	1,616	(1,229)	1,585
Change in unearned premiums .....	596	542	949
Change in aggregate policy reserves(1) .....	12,051	6,039	6,859
Change in reserves for loss and loss adjustment expenses .....	1,016	2,530	3,375
Change in other insurance reserves(2) .....	(951)	(4,241)	(4,007)
Change in deferred acquisition costs .....	(2,460)	(1,211)	(662)
Change in funds held by others under reinsurance business assumed .....	32	1,349	(171)
Change in funds held under reinsurance business ceded .....	234	(192)	(278)
Change in accounts receivable/payable on reinsurance business .....	219	232	(4)
Change in trading securities(3) .....	8,909	14,064	(12,544)
Change in loans and advances to banks and customers .....	(47,109)	(5,846)	3,442
Change in liabilities to banks and customers .....	48,648	(8,215)	(5,456)
Change in certificated liabilities .....	(14,387)	(1,727)	3,130
Change in other receivables and liabilities .....	(4,250)	(1,370)	3,871
Change in deferred tax assets/liabilities(4) .....	(730)	(1,321)	(2,202)
Non cash investment income/expenses.....	(807)	175	112
Amortisation of goodwill .....	1,413	1,162	808
Other .....	1,115	(1,499)	359
<b>Net cash flow provided by (used in) operating activities .....</b>	<b>5,155</b>	<b>(758)</b>	<b>(834)</b>
Change in securities available-for-sale .....	(8,708)	(7,073)	(3,465)
Change in securities held-to-maturity .....	1,754	1,092	383
Change in real estate .....	155	2,226	112
Change in other investments.....	4,238	1,681	2,692
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies.....	(1,450)	(10,787)	12,114
Other .....	1,241	(919)	(441)
<b>Net Cash flow provided by (used in) investing activities .....</b>	<b>(2,770)</b>	<b>(13,780)</b>	<b>11,395</b>
Change in participation certificates and post-ranking liabilities..	(1,943)	2,784	(770)
Change in investments held on account and at risk of life insurance policyholders .....	(7,856)	(2,154)	(1,465)
Change in aggregate policy reserves for life insurance products according to SFAS 97.....	7,819	10,808	8,089
Cash inflow from capital increases.....	4,562	16	275
Dividend payouts .....	(675)	(682)	(673)
Other from shareholders' capital and minority interests(5).....	348	3,643	996
<b>Net cash flow provided by financing activities .....</b>	<b>2,255</b>	<b>14,415</b>	<b>6,452</b>
Effect of exchange rate changes on cash and cash equivalents....	(120)	(109)	18
<b>Change in cash and cash equivalents(6).....</b>	<b>4,520</b>	<b>(232)</b>	<b>17,031</b>
Cash and cash equivalents at the beginning of period .....	21,008	21,240	4,209
Cash and cash equivalents at end of period .....	25,528	21,008	21,240

(1) Without aggregate policy reserves for life insurance products in accordance with SFAS 97  
 (2) Without change in the reserves for latent premium refunds from unrealised investment gains and losses  
 (3) Including trading liabilities

(4) Without change in deferred tax assets/liabilities from unrealised investment gains and losses  
 (5) Without change in revenue reserves from unrealised investment gains and losses  
 (6) Cash and cash equivalents

The data for the cash flow statement were prepared in accordance with International Financial Reporting Standards. It excludes the effects of major changes in the scope of consolidation, which in 2003 included influences from the deconsolidation of Pioneer Allianz Life Assurance Corporation. In 2002 those effects included in particular the purchase of additional shares of Allianz Lebensversicherungs-AG, Stuttgart, Bayerische Versicherungsbank AG, Munich, Frankfurter Versicherungs-AG, Frankfurt/Main, Dresdner Bank Group, Frankfurt/Main, and Slovenská poist'ovna a.s., Bratislava, as well as the deconsolidation of Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG, Frankfurt/Main.

The deconsolidation in 2003 led to a decrease in the value of investments held (excluding funds held by others) by €24 million, compared to a €43,558 million decrease in the prior-year period (2001: € 77,978 million increase). In contrast, the net total of other assets and liabilities increased by €24 million (2002: € 51,416 million increase; 2001: € 88,568 million decrease). Cash outflow related to these transactions amounted to €1,450 million (2002: € 10,764 million; 2001: € 12,450 million). Changes in the scope of consolidation did not reduce cash funds in 2003 (2002: € 23 million decrease; 2001: € 24,564 million increase). Outflow for taxes on income amounted to €2,665 million, compared to an outflow of €1,196 million in the prior-year period (2001: € 306 million inflow).

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<sup>7</sup> The 2003 and 2002 consolidated cash flow statement line items below reflect the results of the restatement discussed in Note 1 of the consolidated interim report for the first three quarters of 2004 of the Allianz Group.

The 2002 and 2001 consolidated cash flow statement line items below reflect the results of the restatement discussed in Note 2 of the consolidated annual report of the Allianz Group for the year ended 31 December 2003.

As a result of these restatements, the Allianz Group's consolidated cash flow statements are adjusted as follows:

	2003	2002	2001
Net income for the year	1,890	(1,496)	
Change in other insurance reserves	(510)	(4,681)	
Change in deferred tax assets/liabilities	(714)	(1,361)	
Change in other receivables and liabilities			3,843
Changes in deferred tax assets/liabilities			(2,181)
Non cash investment income/expenses	(1,539)	939	
Other from operating activities	1,113		387
Net cash flow provided by (used in) operating activities	5,152	(741)	(775)
Change in securities available for sale	(8,748)	(7,837)	
Other from investing activities		(154)	
Net cash flow from investing activities	(2,810)	(13,779)	
Other from "shareholder" capital and minority interests	391	3,625	937
Net cash flow provided by financing activities	2,298	14,397	(231)

# UNCONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR

## Balance Sheet

	Note	as of 31 December		
		<b>2003</b> €thousand	<b>2002</b> €thousand	<b>2001</b> €thousand
<b>ASSETS</b>				
A. Intangible assets .....	1	6,838	7,603	981
B. Investments .....	1-5	92,664	91,607	273,514
I. Real estate .....		61,479,835	61,208,132	45,032,471
II. Investments in affiliated and associated enterprises .....		10,872,789	3,128,738	5,364,495
III. Other investments .....		9,380,328	9,596,065	9,818,259
IV. Funds held by others under reinsurance business assumed .....		<u>81,825,616</u>	<u>74,024,542</u>	<u>60,488,739</u>
C. Receivables.....				
I. Accounts receivable on reinsurance business.....		778,768	809,328	967,523
including from affiliated enterprises: 337,892 (357,685) € thousand				
from other enterprises in which long-term equity investments are held <sup>**</sup> : 8,740 (266,054) € thousand				
II. Other receivables.....		5,285,588	3,496,411	2,437,590
including from affiliated enterprises 1,118,535 (2,667,256) € thousand				
from other enterprises in which long-term equity investments are held <sup>**</sup> : 15,637 (1,935) € thousand				
		<u>6,064,356</u>	<u>4,305,739</u>	<u>3,405,113</u>
D. Other assets				
I. Tangible fixed assets and inventories.....		3,750	3,049	1,140
II. Cash with banks, cheques and cash on hand .....		12,686	40,820	83,948
III. Own shares mathematical 1,086 (16,092) €thousand .....		30,485	566,378	209,103
IV. Miscellaneous assets .....	6	<u>205,803</u>	<u>153,614</u>	<u>114,785</u>
		<u>252,724</u>	<u>763,861</u>	<u>408,976</u>
E. Prepaid expenses .....	7			
I. Accrued interest and rents .....		97,970	33,971	36,509
II. Other prepaid expenses .....		249,466	342,695	419,270
		<u>347,436</u>	<u>376,666</u>	<u>455,779</u>
Total assets .....		<u>88,496,970</u>	<u>79,478,411</u>	<u>64,759,588</u>

\* Prepared in accordance with German accounting standards under the German Commercial Code (HGB).

\*\* Companies in which Allianz AG holds an interest

*The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Listing Prospectus.*

EQUITIES AND LIABILITIES	Note	as of December		
		2003 €thousand	2002 €thousand	2001 €2001
A. Shareholders' equity .....	8			
I. Capital stock .....		984,880	682,408	682,056
II. Additional paid-in capital .....		18,362,334	14,102,335	14,086,998
III. Appropriated retained earnings .....				
1. required by law .....		1,229	1,229	1,229
2. for own shares .....		30,485	566,378	209,103
3. other .....		5,523,724	3,798,850	2,945,609
		5,555,438	4,366,457	3,155,941
IV. Unappropriated retained earnings.....		580,000	1,164,997	410,000
		25,482,652	20,316,197	18,334,995
B. Participation certificates.....	9	441,455	449,491	449,519
C. Subordinated liabilities.....	10	3,642,075	3,574,587	-
D. Special untaxed reserve.....	11	-	1,000	89,770
E. Insurance reserves .....				
I. Unearned premium .....				
1. Gross .....		859,976	864,090	961,641
2. less: amounts ceded .....		239,422	248,356	354,727
		620,554	615,734	606,914
II. Aggregate reserve .....				
1. Gross .....		8,733,448	8,876,539	9,232,728
2. less: amounts ceded .....		938,724	891,327	1,080,110
		7,794,724	7,985,212	8,152,618
III. Reserve for loss and loss adjustment expenses .....				
1. Gross .....		8,149,174	9,003,610	7,981,514
2. less: amounts ceded .....		2,904,644	3,403,452	3,491,873
		5,244,530	5,600,158	4,489,641
IV. Reserve for non-experience-rated premium refunds .....				
1. Gross .....		81,368	167,188	121,283
2. less: amounts ceded .....		28,745	57,048	57,455
		52,623	110,140	63,828
V. Claims equalisation and similar reserves .....		960,670	671,301	511,495
VI. Other insurance reserves .....				
1. Gross .....		96,219	96,532	253,006
2. less: amounts ceded .....		16,256	15,381	25,252
		79,963	81,151	227,754
		14,753,064	15,063,696	14,052,250
F. Other accrued liabilities.....	12	3,934,615	3,639,784	2,932,591
G. Funds held under reinsurance business ceded .....		1,125,445	1,123,022	1,288,025
H. Other liabilities.....	13			
I. Accounts payable on reinsurance business .....		595,053	608,706	666,591
including to affiliated enterprises: 392,287 (491,387) € thousand to other enterprises in which long-term equity investments are held**): 16,902 (6,239) € thousand				
II. Bonds.....		539,359	273,846	-
III. Liabilities to banks .....		6,355,452	2,247,292	3,079,220
IV. Miscellaneous liabilities .....		31,610,544	32,180,657	23,866,605
including taxes of: 9,894 (88,123) € thousand including 28,048,657 (28,476,079) € thousand due to affiliated enterprises including 204,272 (353,856) € thousand due to other enterprises in which long-term equity investments are held**)				
		39,100,408	35,310,501	27,612,416
H. Deferred income.....		17,256	133	22
Total equity and liabilities .....		88,496,970	79,478,411	64,759,588

\*\*) Companies in which Allianz AG holds an interest

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Listing Prospectus.

**Income statement for the period from 1 January 2003 to 31 December 2003**

	Note	For the year ended 31 December		
		2003 €thousand	2002 €thousand	2001 €thousand
I. Underwriting account .....				
<b>1. Premiums earned – net</b>				
a) Gross premiums written .....	14	5,492,959	5,600,038	5,689,769
b) Premiums ceded .....		(1,778,862)	(1,739,348)	(2,169,349)
		3,714,097	3,860,690	3,520,420
c) Change in unearned premiums – gross .....		(22,766)	58,779	(47,742)
d) Change in unearned premiums ceded .....		573	(90,363)	29,414
		(22,193)	(31,584)	(18,328)
		3,691,904	3,829,106	3,502,092
<b>2. Allocated interest return – net</b> .....	15	375,117	394,925	501,654
<b>3. Other underwriting income – net</b> .....		7,044	16,084	25,357
<b>4. Loss and loss adjustment expenses – net</b>				
a) Claims paid:				
aa) Gross .....		(4,359,845)	(3,397,025)	(4,163,062)
bb) Amounts ceded in reinsurance .....		1,447,041	1,686,935	1,553,642
		(2,912,804)	(1,710,090)	(2,609,420)
b) Change in reserve for loss and loss adjustment expenses:				
aa) Gross .....		522,260	(1,348,121)	(1,438,462)
bb) Amounts ceded in reinsurance .....		(334,028)	91,494	789,730
		188,232	(1,256,627)	(648,732)
		(2,724,572)	(2,966,717)	(3,258,152)
<b>5. Change in other insurance reserves – net</b>	16	(114,496)	(104,414)	(278,381)
<b>6. Expenses for non-experience-rated premium refunds – net</b> .....		40,202	(21,141)	(29,348)
<b>7. Underwriting expenses – net</b> .....	17	(1,023,592)	(1,089,892)	(936,826)
<b>8. Other underwriting expenses – net</b> .....		(192,902)	(129,424)	(263,998)
<b>9. Subtotal</b> .....		58,705	(71,473)	(737,602)
<b>10. Change in claims equalisation and similar reserves</b> .....		(289,369)	(159,806)	93,035
<b>11. Underwriting result – net</b> .....		(230,664)	(231,279)	(644,567)
II. Non-underwriting account				
<b>1. Investment income</b> .....	18	10,813,839	11,797,440	3,674,159
<b>2. Investment expenses</b> .....	19- 20	(8,906,402)	(7,971,309)	(1,499,124)
		1,907,437	3,826,131	2,175,035
<b>3. Allocated interest return</b> .....		(398,327)	(445,268)	(563,758)
<b>4. Other income</b> .....	21	1,509,110	3,380,863	1,611,277
<b>5. Other expenses</b> .....	22	500,411	874,767	314,067
		(998,554)	(1,904,564)	(854,331)
		(498,143)	(1,029,797)	(540,264)
6. Non-underwriting result .....		1,010,967	2,351,066	1,071,013
7. Earnings from ordinary activities before taxation .....		780,303	2,119,787	426,446
<b>8. Income taxes</b> .....	23	(20,946)	(396,853)	(17,827)
less amounts charged to other companies in the Group .....		219,837	622,001	138,619
		198,891	225,148	120,792
		(1,301)	(14,942)	(1,694)
<b>9. Other taxes</b> .....		-	-	-
less amounts charged to other companies in the Group .....		197,590	210,206	119,098
<b>10. Net income</b> .....	24	977,893	2,329,993	545,544
<b>11. Balance brought forward from previous year</b> .....		-	-	926
<b>12. Allocation to appropriated earnings</b>				
to other appropriated earnings .....		(397,893)	(1,164,996)	(136,470)
<b>13. Unappropriated retained earnings</b> .....		580,000	1,164,997	410,000

The Notes to the financial statements form part of the financial statements and are incorporated by reference into this Listing Prospectus.

## TAXATION

The following summary does not consider all aspects of income taxation in the Federal Republic of Germany and the Netherlands that may be relevant to a particular holder of the Bonds in the light of its particular circumstances and income tax situation (e.g., church tax is not covered). Prospective holders should consult their own tax advisers as to the particular tax consequences to them of purchasing, holding and disposing of the Bonds, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of the Federal Republic of Germany and the Netherlands.

### **Federal Republic of Germany**

#### **Withholding Tax**

Under current German law, payments of principal on the Bonds are not subject to German taxation.

Withholding tax will be levied on payments of actual or deemed interest if the holder of the Bonds is subject to German taxation and such payment is made by certain institutions. Interest separately charged and a gain upon the disposal of the entitlement to interest payments may qualify as actual or deemed interest depending, *inter alia*, on the terms and conditions.

Holders of the Bonds are subject to German taxation if they are:

- (i) resident in the Federal Republic of Germany (unlimited tax liability). This includes corporations with a domestic seat or place of management and individuals having a residence or habitual abode in the Federal Republic of Germany;
- (ii) not resident in the Federal Republic of Germany (limited tax liability) to the extent the interest or deemed interest from the Bonds constitutes income from German sources (such as income effectively connected with a German trade or business, etc.).

Provided that the holder of the Bonds are subject to taxation as described above, withholding tax is to be withheld upon payment of interest or deemed interest by:

the German bank or financial services institution (including a German branch of a foreign bank or of a financial services institution but excluding a foreign branch of a German bank or of a German financial services institution if it acts as a custodian).

The withholding tax rate currently amounts to 30% plus a solidarity surcharge of 5.5% of the with-holding tax amount. The overall deduction therefore amounts to 31.65% of the gross amount of the interest payment.

Upon payments of actual interest, the withholding tax base is determined by such payments.

With regard to deemed interest, the withholding tax base is usually determined by the capital gain, i.e. the excess of the disposal or redemption proceeds over the issue price, the acquisition costs or the book value, as the case may be. The withholding tax base might deviate in some cases. In particular, if the Bonds are not kept in a custody account from acquisition, the withholding tax base is equal to 30% of the disposal or redemption proceeds.

The withholding tax base might be reduced where the holder was charged accrued interest in the same year.

Holders of Bonds subject to unlimited tax liability may credit the withholding tax within their tax assessment. The same holds true for holders subject to limited tax liability if the interest income is effectively connected with a German branch.

#### **Tax assessment**

The taxable amount for tax assessment purposes might deviate from the above described withholding tax base.

If the Bonds are held as business assets, all income from the Bonds will be subject to both income tax including solidarity surcharge and trade tax, the latter is a municipal tax currently levied at an effective rate of usually between 12% and 20% depending upon the applicable trade tax factor of the relevant municipality.

If the Bonds are held by a Holder in the legal form of a corporation any income resulting from the Bonds will be subject to corporate income tax including solidarity surcharge at a rate of 26.375% and trade tax.

### **Inheritance Tax / Gift Tax**

The transfer of the Bonds to another person by gift or on account of death is subject to German inheritance or gift tax, respectively, if

- (i) the deceased, the donor, the heir, the donee or other acquirer had his residence or habitual abode in Germany at the time of the transfer of property, or has not permanently stayed in a foreign country for more than five years as German citizen without having a residence in Germany, or is subject to an employment contract with a legal entity under public law as German citizen, or
- (ii) the deceased, the donor, the heir, the donee or other acquirer is a corporation, partnership or formation of a company (*Vermögensmasse*) having its place of management or office in the Federal Republic of Germany, or
- (iii) the Bonds are part of a domestic property (*Inlandsvermögen*) within the meaning of section 121 German Valuation Tax Act (*Bewertungsgesetz*), or
- (iv) the deceased or the donor, being German citizens, are subject to extended limited tax liability according to the German Foreign Tax Act after moving away from the Federal Republic of Germany.

### **Other Taxes**

The purchase, sale or other disposal of the Bonds does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales which would otherwise be tax exempt.

### **The Netherlands**

The following summary does not address the Netherlands tax consequences of a holder of a Bond who holds a substantial interest (*aanmerkelijk belang*) in the Issuer, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a holder of a Bond holds a substantial interest in the Issuer, if such holder of a Bond, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 % or more of the total issued capital of the Issuer or of 5 % or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer. For the purpose of this summary, the term Issuer includes the Guarantor. For the purpose of this summary, the Issuer is considered a resident of the Netherlands for Netherlands tax purposes.

### **Withholding Tax**

No Netherlands withholding tax is due upon payments on the Bonds made by the Issuer, provided that the Bonds are considered debt for Netherlands tax purposes and do not in fact have the function of equity of the Issuer within the meaning of Article 10(1)(d) of the Corporate Income Tax Act 1969.

### **Income Taxation**

A holder of a Bond will not be subject to Netherlands taxes on income or capital gains in respect of the acquisition or holding of the Bonds or on any payment under the Bonds or in respect of any gain realised on the disposal or redemption of the Bonds, provided that: (i) such holder is neither a resident nor deemed to be a resident nor has opted to be treated as a resident of the Netherlands; and (ii) such holder does not have an

enterprise or an interest in an enterprise, which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands and to which permanent establishment or permanent representative the Bonds are attributable; and, if the holder is an individual, (iii) the payments under the Bonds or the gains realised on the disposal or redemption of the Bonds do not qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities in the Netherlands with respect to the Bonds that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*).

#### **Gift, Estate or Inheritance Taxes**

No gift, estate or inheritance taxes will arise in the Netherlands with respect to the acquisition of a Bond by way of a gift by, or on the death of, a holder who is neither resident nor deemed to be resident in the Netherlands, unless: (i) at the time of the gift such holder has, or at the time of death such holder had, an enterprise or an interest in an enterprise — other than as a shareholder — that is or was, in whole or in part, carried on through a permanent establishment or through a permanent representative in the Netherlands, and to which permanent establishment or permanent representative the Bond is or was attributable; or (ii) if, in the case of a gift of a Bond by an individual who — at the date of the gift — was neither resident nor deemed to be resident in the Netherlands, such individual takes up or is deemed to take up residence in the Netherlands and dies within 180 days after the date on which the gift was made.

#### **Other Taxes and Duties**

No VAT, registration, stamp, transfer or turnover taxes, or other similar duties or taxes are payable in the Netherlands by a Bondholder in respect of the offering and the issue of the Bonds by the Issuer, or in respect of the signing and delivery of this Listing Prospectus.

#### **European Withholding Tax**

On 3 June 2003 the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by Member States from 1 July 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive each Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State; however, Austria, Belgium and Luxembourg may instead apply a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to commence on the date from which the directive is to be applied by Member States and to terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

## SUBSCRIPTION AND SALE

Dresdner Bank AG London Branch entered into a subscription agreement dated • 2005 (the "**Subscription Agreement**") and purchased the Bonds with Warrants at a price equal to 111.307 % of the principal amount of the Bonds with Warrants less a commission. Thereafter, it separated the Warrants from the Bonds and transferred them to a third party.

### Selling Restrictions

#### The United States of America

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S ("Regulation S") under the U.S. Securities Act of 1933 (the "**Securities Act**") or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Lead Manager represented that it has offered and sold the Bonds, and agreed that it will offer and sell the Bonds (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds and it and they have complied and will comply with the offering restrictions requirement of Regulation S. The Lead Manager agreed that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities and the Guarantee covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S.

#### United Kingdom

The Lead Manager has represented, warranted and agreed that:

1. it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Bonds, will not offer or sell any such Bonds to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
2. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor, if applicable, and

3. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Bonds in, from or otherwise involving the United Kingdom.

### **Germany**

The Lead Manager agreed not to offer or sell Bonds in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (Wertpapier-Verkaufsprospektgesetz) of 9 September 1998 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

### **The Netherlands**

The Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell anywhere in the world any bonds or warrants issued by Allianz Finance II B.V. other than to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, investment undertakings, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

### **Italy**

No procedures have been implemented pursuant to Italian securities legislation in order to offer the Bonds through an "investment solicitation" (*sollecitazione all'investimento*) in the Republic of Italy ("Italy"). Accordingly, the Lead Manager has represented and agreed not to offer the Bonds in Italy, or carry out any marketing or solicitation activity in relation to the Bonds in Italy, unless the relevant activity: (i) is directed at professional investors (*operatori qualificati*), as defined by the relevant Italian securities legislation, or (ii) falls within another applicable exemption from the regime governing "investment solicitations". Moreover, the Lead Manager has represented and agreed that any offering, marketing, solicitation or selling activity in relation to the Bonds in Italy shall be effected in accordance with any applicable Italian laws and regulations, including without limitation the requirement to notify the Bank of Italy of the offer of the Bonds in Italy pursuant to Article 129 of decreto legislativo n. 385 of 1 September 1993, if applicable.

### **General**

No action has been or will be taken in any jurisdiction by the Lead Manager or the Issuer that would permit a public offering of the Bonds, or possession or distribution of publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. The Lead Manager will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes any material relating to the Bonds, in all cases at its own expense.

## GENERAL INFORMATION

### **Listing of the Bonds**

In connection with the application to list the Bonds on the Luxembourg Stock Exchange a legal notice and copies of the articles of association of Allianz Finance II B.V. have been registered and deposited with the Register of Commerce and Companies in Luxembourg (*Registre de Commerce et des Sociétés à Luxembourg*) where such documents may be examined and copies obtained.

### **Stabilisation**

In connection with this issue, Dresdner Bank AG London Branch (the "Stabilisation Manager") may over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilisation Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation measures must be undertaken in compliance with all applicable laws, regulations and rules.

### **Documents Available**

For so long as Bonds are listed on the Luxembourg Stock Exchange, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of each Paying Agent and the documents referred to in (iii) through (viii) will be obtainable free of charge at the office of any Paying Agent:

- (i) the Bond Agency Agreement (which includes the form of the Global Bonds);
- (ii) the Guarantee;
- (iii) the articles of association of the Issuer;
- (iv) the articles of association of the Guarantor;
- (v) the audited annual reports of Allianz Finance II B.V. for each period since the financial year ended 31 December 2001
- (vi) the audited annual report of Allianz AG (consolidated and non-consolidated) for each period since the financial year ended 31 December 2001, as well as any interim reports which will be unaudited, consolidated and issued quarterly;
- (vii) a copy of this Listing Prospectus and
- (viii) the documents referred to in "Documents Incorporated by Reference".

### **Authorisations**

The creation and issue of the Bonds has been authorised by a resolution of the Board of Managing Directors (and the supervisory board) of the Issuer dated 25 January 2005.

On 25 January 2005, the Management Board of the Guarantor resolved, with approval of the Supervisory Board of 25 January 2005, on the issue of the Guaranteed Undated Subordinated Fixed to Floating Rate Callable Bonds with Warrants, excluding the pre-emptive rights of the existing shareholders to subscribe for the Bonds with Warrants in accordance with the authorisation by the General Meeting of 5 May 2004, and the Guarantee. On 26 January 2005, the Management Board resolved on the Issue Price and the total principal amount of the Bonds with Warrants as well as on the number of Warrants attached to each Bond and the coupon of the Bonds. Each of the Warrants entitles the holder of the Warrant, in accordance with the terms and conditions of the Warrants, to acquire, subject to any amendment due to anti-dilution provisions, one no-par

value share of the Guarantor to which rights to full dividends for the fiscal year in which they are issued and all following fiscal years are attached. Currently, up to 97,656,250 new registered no-par-value shares derived from the conditional capital of up to €250,000,000 resolved by the General Meeting of 5 May 2004 are available for delivery upon exercise of the option rights certificated in the Warrants. The conditional capital increase shall be carried out only to the extent that the option rights certificated in the Warrants are exercised.

### **Significant or material change**

As of the date of this Listing Prospectus, there has been no significant change in the financial condition of Allianz AG or the Group since 30 September 2004 and no material adverse change in the financial condition of Allianz AG or the Group since 31 December 2003 other than as disclosed herein.

### **Litigation**

Within their regular business activities, Allianz Finance II B.V., Allianz AG and its subsidiaries are involved in legal disputes and proceedings. As of the date of this Listing Prospectus, there are no legal disputes or proceedings pending or threatened against Allianz Group companies (including those proceedings mentioned below) which, to the knowledge and belief of the Issuer and the Guarantor, could have a material impact on the Allianz Group in the context of the issue of the Bonds.

Allianz Global Risks U.S. Insurance Company is involved in legal proceedings in connection with the terrorist attack of 11 September 2001 on the World Trade Center. On 6 December 2004, a New York jury rendered a verdict that the WTC attack constituted two occurrences under the alleged terms of various coverages. As of today, this decision has no adverse impact on the Allianz Group's operating results. The final implications of this decision for the Allianz Group will not be determined until the completion of further proceedings.

In July 2002, the German Federal Cartel Office (*Bundeskartellamt*) commenced an investigation among several property-casualty insurance companies in Germany, including Allianz Versicherungs-AG, in connection with alleged co-ordinated behaviour to achieve premium increases. The Federal Cartel Office submitted written charges, among others, to Allianz Versicherungs-AG. A decision is still outstanding. Allianz AG currently expects a decision of the German Federal Cartel Office in the course of March 2005.

A subsidiary of Allianz AG is, among other insurance companies, subject to an investigation by the European Commission in connection with alleged anti-competitive behaviour related to aviation war risk insurance in the London market.

Allianz AG conducted a squeeze out procedure against the minority shareholders of Dresdner Bank AG in 2002. Some of the former minority shareholders applied for a court review of the appropriate amount of cash settlement in a mediation procedure (*Spruchverfahren*) which is still pending.

Dresdner Bank AG is involved in litigation regarding the placement of Deutsche Telekom American Depository Shares (ADSs) issued pursuant to a registration statement filed with the U.S. Securities and Exchange Commission and pursuant to a prospectus dated 17 June 2000. Dresdner Bank AG, one of the underwriting syndicate's joint global co-ordinators in said offering, is among the named defendants. On January 28, 2005, Deutsche Telekom announced that, without admitting or denying any liability, it has entered into a stipulation to settle all claims against a payment by it of 120 Mio USD. The settlement, which requires US court approval, would also resolve all claims involving the underwriters, including Dresdner Bank AG.

Furthermore, the insolvency administrator of KirchMedia GmbH & Co.KGaA ("KirchMedia") made a formal demand on Dresdner Bank AG to compensate the insolvency assets (*Insolvenzmasse*) of KirchMedia for the loss of a shareholding in the Spanish television group Telecinco. At the end of June 2004, this shareholding was placed within Telecinco's initial public offering.

Allianz Global Investors of America L.P. and some of its subsidiaries are named as defendants in multiple punitive class action lawsuits filed in several U.S. District Courts which generally relate to "market timing" and "revenue sharing" allegations.

#### **Legend on Global Bond**

The Global Bond will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

#### **Clearing Systems**

Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg with the following security identification numbers:

ISIN: XS0211637839

Common Code: 021163783

#### **Notices**

All of the notices associated with the Bonds will in accordance with the rules of the Luxembourg Stock Exchange be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the "*Luxemburger Wort*").

## **ALLIANZ GROUP - INTERIM REPORT – FIRST THREE QUARTERS OF 2004**

The interim report first three quarters of 2004 of Allianz Group is reprinted below and separately paginated.

**Allianz Group**

Interim Report First Three Quarters of 2004

+ One

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## OVERVIEW

We continue to successfully implement our "3+One" program. In the first nine months of 2004, earnings before taxes increased by 3,302 million euros to 3,966 million euros. Net income of 1,828 (732) million euros was more than doubled, despite a substantially higher tax charge.

Earnings quality is increasing as a consequence of operating improvements made across all business segments:

- In property and casualty insurance, the combined ratio dropped a further 3.7 percentage points to 93.2 percent.
- In life and health insurance, investment income rose to 9.5 (6.7) billion euros while administrative expenses were reduced by a further 4.4 percent to 1.2 billion euros. As a result, we succeeded in virtually doubling earnings before taxes to 1,186 (593) million euros.
- In banking, the signs of a stabilization in operating revenues already emerging at half-year were confirmed. By at the same time further lowering operating expenses and reducing net loan loss provisions, we reported an operating profit for the third straight quarter. For the first nine months of 2004 we achieved total operating profit of 573 (–69) million euros.
- In the asset management segment, we held operating revenues stable at 1.7 billion euros while pushing down the cost-income ratio to 65.3 (68.2) percent. In this way, we increased the operating profit to 578 (528) million euros.

In addition to the progress achieved in our operating business, we have also generated a marked increase in investment income. Net income for the first three quarters of 2004 thus amounted to 1,828 million euros, more than doubled over the last year's figure of 732 million euros, despite a considerably higher tax charge of 1.9 billion euros.

At the end of the third quarter 2004, shareholders' equity amounted to 29.8 billion euros. This represents growth since the end of 2003 of 1.2 billion euros or 4.1 percent, even though dividends totaling 551 million euros were distributed in May.

## Earnings

The positive trend of the first half of 2004 continued into the third quarter. Allianz Group revenues grew overall by 2.3 percent to 72.6 billion euros. After adjustment for exchange rate and consolidation effects, internal growth amounted to 5.1 percent. The performance of the individual segments here reflects our profit-oriented business policy. In the life/health insurance and asset management segments, we reported strong internal growth of 8.1 percent and 17.0 percent respectively. Property/casualty insurance registered disciplined growth of exchange rate adjusted 2.7 percent, while operating revenues in the banking business stabilized in the second and third quarters at the level of the prior-year periods, following the drop in earnings in the first quarter. Overall, though, operating revenues in banking were down 2.1 percent after adjustment for exchange rate and consolidation effects.

In property and casualty insurance, the **claims ratio** dropped 3.5 percentage points to 68.2 percent, which was mainly the result of our disciplined underwriting policy and portfolio restructuring. The hurricanes in the U. S. A. had a negative effect during the third quarter. By means of active risk selection and control, however, we succeeded in limiting the Allianz Group's net claims expenses to 216 million euros, a sum well under the proportionate figure for our market share.

In banking as well, there was substantially less expenditure required for **loan loss provisions**; these were down 62.2 percent year-on-year to 271 million euros.

We continued to make progress in cutting **administrative expenses** in all segments; these fell by a total of 9.1 percent to 9.2 billion euros.

**Investment income** rose from 10.7 billion euros to 14.4 billion euros during the first three quarters of 2004, a substantial increase on the prior-year period. This trend is primarily attributable to an improved balance of write-ups and write-downs. While the prior-year balance resulted in a charge of 2.0 billion euros, a net charge of 0.5 billion euros was recorded for the first nine months of 2004. Furthermore, the balance from realized gains and losses climbed noticeably to 2.6 (1.8) billion euros in response to the more favorable market conditions. However, the life/health segment accounts for 1.0 (-0.6) billion euros of these net realized gains, with only a fraction of this reflected in the net income for the period after policyholders' profit participation. Trading income was 1.0 billion euros up on the previous

year since the previous year's figure had been impacted by the expense of using derivatives to hedge our share portfolio.

## Investment income

	9/30/2004 € mn	9/30/2003 € mn	Difference € mn
Current investment income	11,799	11,534	264
Realized capital gains/losses	2,645	1,816	830
Write-ups/write-downs on investments	- 536	- 1,975	1,439
Expenses for management of investments; interest expenses and other	- 754	- 975	221
<b>Subtotal</b>	<b>13,155</b>	<b>10,400</b>	<b>2,754</b>
Trading income (including banking business <sup>(1)</sup> )	1,285	275	1,011
<b>Investment income</b>	<b>14,440</b>	<b>10,675</b>	<b>3,765</b>

<sup>(1)</sup> Includes the trading income from banking business trading activities, which contributed 1,160 (1,425) million euros to investment income and is included in banking business operating revenues.

At 4.9 (1.6) billion euros for the first nine months of 2004, earnings before taxes and amortization of goodwill have more than tripled on the prior-year period. Amortization of goodwill remained nearly constant at 885 (895) million euros.

While income for the prior-year period was benefited by a tax income of 653 million euros, in the same period this year, a tax charge of 1,241 million euros had to be absorbed as a result of the significant increase in pre-tax earnings. Minority interests in earnings also increased to 897 (585) million euros. Despite this, our 1,828 (732) million euro net income as at September 30, 2004 was more than double that of the prior-year period. Earnings per share currently stand at 4.98 (2.23) euros.

## Shareholders' equity and finance

On September 30, 2004, shareholders' equity for the Allianz Group amounted to 29.8 billion euros. This figure takes into account 17,926,289 treasury shares which reduce shareholders' equity and were acquired at a cost of 4.5 billion euros. This represents a growth in shareholders' equity of 4.1 percent, or 1.2 billion euros since the end of 2003.

In accordance with insurance business solvency regulations, insurance providers are required by law to have a specific level of equity capital; a level that we had clearly surpassed by the end of the third quarter with a cover ratio of 217 percent. At the end of 2003, this cover ratio was 205.9 percent.

## Market capitalization and the Allianz share

On September 30, 2004, the market capitalization of Allianz AG, adjusted for treasury shares, amounted to 29.8 billion euros. Following last year's impressive share performance during the fourth quarter, in which benchmark indexes were outperformed, we forfeited this performance again this year. The price of the Allianz share has dropped 19 percent since the end of 2003. In comparison, the Dow Jones EURO STOXX 50 index has lost 1.2 percent over the first three quarters of 2004 and the DJ EURO STOXX Insurance index has declined by 4.8 percent.

## Employees

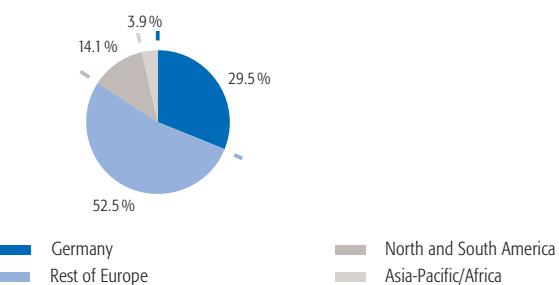
In the first three quarters of 2004, the number of employees had fallen by 8,848 to 164,902 since the end of 2003.

## PROPERTY AND CASUALTY INSURANCE

**In property and casualty insurance, net income for the first three quarters of 2004 increased to 2,247 (1,465) million euros. The combined ratio fell a further 3.7 percentage points to 93.2 percent.**

At 34.6 billion euros, premium income was up by 1.3 percent on the first nine months of 2003. Adjusted for consolidation and currency effects, internal growth came to 2.7 percent. We continue to strive for a reasonable correlation between rates and risks and are even prepared to forego sales growth where such a correlation cannot be achieved. Despite this, many of our companies – notably our subsidiaries in Spain and Australia – experienced remarkably dynamic growth. In France in contrast we had to record a negative growth.

Property and casualty insurance – premium income by region (€ 34.6 bn)



The **claims ratio** improved for the third straight year. Compared to the first nine months of last year, it fell 3.5 percentage points to 68.2 (71.7) percent. Looking at the third quarter in isolation, the claims ratio was actually down to only 66.4 percent.

This improvement was achieved in spite of the claims we received relating to the hurricanes that struck the south eastern states of the U. S. A. during the third quarter of this year. Hurricanes Charley, Frances, Ivan and Jeanne caused claims expenses throughout the industry of an estimated 16–24 billion euros. Only 216 million euros of this amount were attributable to Allianz itself. This amount lies below our market share in the affected region and evidences the quality of our risk selection and risk management policies. For instance, our policy in this risk area is and has been to only include objects of above average construction quality in our portfolio.

The **expense ratio** continued to fall to 25.0 (25.2) percent. This progress was achieved by further administrative cost cutting, despite slightly higher acquisition costs.

Overall, the **combined ratio**, which measures claims and expenses as a percentage of net premiums earned, improved by 3.7 percentage points to 93.2 percent.

#### Property and Casualty Insurance

		9/30/2004	9/30/2003	Difference
Gross premiums	€ mn	34,646	34,196	450
Claims ratio	%	68.2	71.7	- 3.5 %-points
Expense ratio	%	25.0	25.2	- 0.2 %-points
Net income <sup>a)</sup>	€ mn	2,247	1,465	782
Investments	€ mn	145,290	140,187	5,103
Insurance reserves	€ mn	88,299	87,730	569

<sup>a)</sup> Net income for period after amortization of goodwill, taxes, and minority interests

**Investment income** increased significantly from 2.4 billion euros to 4.5 billion euros. Higher intra-Group dividend payouts to Allianz AG were a contributing factor in the increase in current investment income by 0.9 billion euros to 4.1 billion euros. After deducting intra-Group dividend payouts from the current investment income of the segment, current investment income at 3.0 (2.9) billion euros is marginally up on the prior-year period.

At –268 (–759) million euros, the balance of write-ups and write-downs showed a marked improvement over the previous year as a result of more favorable market conditions. During the first nine months of the year under review, we realized on bal-

ance 1.0 billion euros fewer gains from the disposal of shares compared to the same period in 2003, trading income increased by 1.3 billion euros. During the previous year, we had hedged our stock portfolio using derivatives (macro hedge). The expenses for this macro hedge were reported in the IFRS accounts as trading income, while the opposing changes in the market value of the underlying stocks only affect profit when realized.

#### Investment income<sup>a)</sup>

	9/30/2004 € mn	9/30/2003 € mn	Difference € mn
Current investment income	4,088	3,224	864
Realized capital gains/losses	1,319	2,286	- 967
Write-ups/write-downs on investments	– 268	– 759	491
Expenses for management of investments	– 567	– 965	398
<b>Subtotal</b>	<b>4,572</b>	<b>3,787</b>	<b>785</b>
Trading income	– 36	– 1,370	1,334
<b>Investment income</b>	<b>4,536</b>	<b>2,417</b>	<b>2,119</b>

<sup>a)</sup> With consolidated figures for this segment.

**Earnings before taxes and amortization of goodwill** came to 4.3 billion euros, compared to 1.9 billion euros in the prior-year period. Amortization of goodwill remained largely constant at 287 (290) million euros. A tax charge of 1,032 million euros arose, compared to tax income of 141 million euros for the first nine months of the previous year. After minority interests of 686 (257) million euros, we recorded net income for the period as of September 30, 2004, that had increased from 1,465 million euros to 2,247 million euros.

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In the following presentation, transactions between reporting units are not consolidated. In order to present a clear picture of our business operations, we have adjusted the results by eliminating amortization of goodwill as well as minority interests.

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## Property and Casualty Insurance

	Gross premiums		Combined ratio		Earnings after taxes <sup>1)</sup>	
	9/30/2004 € mn	9/30/2003 € mn	9/30/2004 %	9/30/2003 %	9/30/2004 € mn	9/30/2003 € mn
Germany <sup>2)</sup>	10,582	10,405	88.2	95.2	1,912	1,337
France	4,197	4,262	99.4	104.2	694	154
Italy	3,605	3,513	91.3	94.9	556	382
Great Britain	2,012	1,930	93.5	94.6	148	226
Spain	1,372	1,308	91.4	95.1	136	73
Switzerland	1,147	1,165	97.1	100.0	65	10
Austria	758	740	97.4	99.7	47	15
U. S. A.	3,731	3,613	97.5	100.1	263	- 226
Australia	1,009	916	95.3	94.5	87	59
Allianz Global Risks Re	1,150	1,138	98.4	101.3	22	44
Credit Insurance	1,236	1,198	73.1	84.7	142	88
Travel Insurance and Assistance	717	632	91.4	92.8	17	16
Allianz Marine & Aviation	779	842	91.5	85.0	30	65

<sup>1)</sup> Earnings after taxes before amortization of goodwill and minority interests<sup>2)</sup> Information relates both to Allianz Sachgruppe Deutschland and Allianz AG

In **Germany**, Sachgruppe Deutschland, which combines the property and casualty insurance business of the German Allianz companies, achieved premium growth of 0.6 percent to 8.5 billion euros in the first three quarters of 2004. Growth in property insurance was, however, partially counterbalanced by a drop in automobile insurance premiums. The claims ratio continued to improve thanks to our disciplined underwriting policy, and amounted to 62.6 (66.9) percent in the first nine months of 2004. The expense ratio also declined, falling to 24.4 (25.0) percent. Investment income rose considerably from 0.6 to 1.3 billion euros. This was primarily a result of lower write-downs due to positive stock market trends and the transfer of individual investments in other enterprises within the Group. These realized gains are consolidated at segment and Group level, and consequently have no effect on segment or group results. Overall, earnings after taxes improved substantially to 1.3 billion euros, compared to 0.5 billion euros for the same period last year.

The decline in gross premium income in **France** is mainly attributable to the automobile insurance business, which reported a reduction in premium income as a result of a strict underwriting policy and the rate increases of the previous year. The claims ratio, however, benefited from our continued adherence to risk assessment and dropped to 75.4 (80.6) percent. The expense ratio increased slightly to 24.0 (23.6) percent. At 694 (154) million euros, earnings after taxes more than quadrupled.

This development was boosted both by operating progress and by investment income, which increased to 0.9 (0.4) billion euros.

Our **Italian** property and casualty insurance business reported a moderate 2.6 percent increase in premium income to 3.6 billion euros. The RAS Group accounts for 2.6 billion euros of this amount (+ 2.9 percent) and Lloyd Adriatico for 1.0 billion euros of this amount (+ 1.8 percent). The claims ratio continued to fall, dropping 4.0 percentage points to 68.3 percent. On the cost side, there was a marginal increase in expenses from 22.6 percent to 23.0 percent.

In **Great Britain**, premium income climbed to 2.0 (1.9) billion euros for the first three quarters of 2004. After adjustment for exchange rate effects, Allianz Cornhill reported substantial revenue increases in business with corporate customers and special insurance, such as the "Pet Plan", by 10.5 and 5.0 percent respectively. However, this was partially counterbalanced by a 9.6 percent drop in premiums in the private business segment as a result of withdrawing from a major affinity relationship. At 64.5 percent, the claims ratio had fallen a further 2.6 percentage points below the previous year's figure thanks to our disciplined underwriting policy. Despite improved operating profitability and a gain in investment income, earnings after taxes fell to 148 (226) million euros as a result of a substantially higher tax charge.

In **Spain**, gross premium income increased by 4.9 percent to 1,372 million euros, with disproportionate sales growth being recorded especially in industrial insurance. Due to a favorable claims situation, the claims ratio fell to 72.8 (76.2) percent. Backed by lower administrative expenses, the expense ratio remained almost unchanged from last year at 18.6 (19.0) percent.

In **Switzerland**, the euro exchange rate had a negative impact on the premium income of Allianz Suisse Versicherungs-Gesellschaft, resulting in a 1.6 percent fall to 1.1 billion euros. In local currency, our company reported a 2.8 percent growth, which was fueled by positive trends in the automobile insurance and active reinsurance lines. The combined ratio improved by 2.9 percentage points to 97.1 percent. This was attributable to improvements in both the claims ratio and the expense ratio, with the claims ratio falling to 74.0 (75.0) percent and the expense ratio to 23.1 (25.0). The reduction of the expense ratio was primarily due to cuts in administrative costs. Due especially to this, there was a significant improvement in earnings after taxes in particular, which rose to 65 (10) million euros.

Fireman's Fund (FFIC), our largest company in the **U. S. A.**, increased premium income to 3.3 (3.0) billion euros. FFIC's claims ratio fell to 69.0 (71.0) percent; in this figure, claims expenses amounting to approximately 86 million euros in connection with four consecutive hurricanes have already been accounted for. Together with the expense ratio, which fell to 28.6 (29.1) percent, this translates into a total combined ratio for FFIC of 97.6 (100.2) percent.

As part of our drive to concentrate on core markets, we have decided to sell our business in **Canada** by the end of the year with the exception of international industrial insurance. This transaction is still subject to approval by the responsible supervisory authorities. Allianz Global Risks will continue to operate within the Canadian industrial business.

During the first nine months of 2004, premium income at **Allianz Global Risks Rückversicherungs-AG** (AGR Re), which pools our international corporate business, expanded by 1.0 percent on the previous year to 1,150 million euros. The expense ratio remained stable at 28.9 percent and the claims ratio improved to 69.6 (72.3) percent, primarily as a result of more favorable reinsurance conditions and due to improved results in key European markets. In view of the fact that AGR Re reinsurance the bulk of AGR US business, this figure was also weighed down by net claims expenses amounting to 101 million euros in connection with the hurricanes in the U. S. A. We achieved a combined ratio of 94.2 (94.5) percent for the entire Allianz

Global Risks segment which, in addition to the reinsurance activities of AGR Re, also incorporates business posted by our franchise companies.

In addition to a 3.2 percent rise in premium income, we managed at the same time to further heighten the profitability of **credit insurance**. The claims ratio declined again by 5.9 percentage points to 46.4 percent, which was attributable both to a low frequency of claims and the absence of any major claims. The expense ratio also continued to fall, amounting to 26.7 (32.4) percent for the first three quarters of 2004. Furthermore, the increase in earnings after taxes to 142 (88) million euros was additionally boosted by the development in investment income. Due to fewer write-downs, this amount was up 84.9 percent to 64 million euros.

## LIFE AND HEALTH INSURANCE

**As of September 30, 2004, total premium income for life and health insurance gained 4.5 percent to 32.0 billion euros in response to a significant surge in demand especially in the U. S. A. in the third quarter. After adjustment for exchange rate and consolidation effects, this represents growth of 8.1 percent. Thanks to cuts in administrative costs and improved investment income, net income for the period climbed noticeably to 508 (322) million euros.**

In IFRS accounts, which recognize only the cost and risk elements as revenue from investment-oriented life insurance products, premium income fell 1.0 percent to 14.6 billion euros.

Premium development varied internationally. While in the majority of markets, we continued to report substantial internal growth, even double-digit growth in the case of Spain and the U. S. A., our premium volume declined in Italy, Switzerland and South Korea.

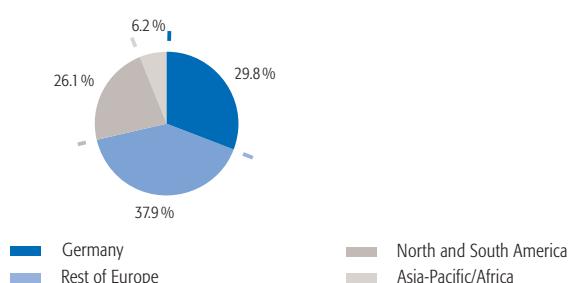
### Life and Health Insurance

		9/30/2004	9/30/2003	Difference
Total revenues	€ mn	31,970	30,588	1,382
Gross premiums	€ mn	14,578	14,724	- 146
Expense ratio <sup>1)</sup>	%	9.5	7.6	1.9 %-points
Net income for period <sup>2)</sup>	€ mn	508	322	186
Investments	€ mn	252,799	231,418	21,381
Insurance reserves	€ mn	252,553	234,318	18,235

<sup>1)</sup> In relation to total premiums earned (net)

<sup>2)</sup> Net income for period after amortization of goodwill, taxes, and minority interests

### Life and health insurance – total premium income by region (€ 32.0 bn)



Overall, the **expense ratio**, in relation to total premiums earned, amounted to 9.5 (7.6) percent for the first nine months of this year. This development is in line with expectations given that the prior-year level had been exceptionally low following adjustments in the course of the regular review of the actuarial calculations. While administrative expenses fell by 4.4 percent to 1,195 million euros accompanied by a rise in revenues, acquisition costs increased. However, improvements in cost management across the entire Group have helped to keep the expense ratio at an extremely low level.

**Investment income** for the first three quarters of 2004 climbed significantly, before policyholders' profit participation, to 9.5 (6.7) billion euros. This is primarily attributable to more favorable market conditions. As a result of this, write-downs on our securities portfolio declined to 0.3 (2.0) billion euros and the number of realized losses dropped by 2.4 billion euros to 0.7 billion euros. Realized gains declined by 0.9 billion euros to 1.7 billion euros.

**Investment income<sup>a)</sup>**

	9/30/2004 € mn	9/30/2003 € mn	Difference € mn
Current investment income	8,644	8,505	139
Realized capital gains/losses	1,024	- 515	1,539
Write-ups/write-downs on investments	30	- 982	1,012
Expenses for management of investments	- 343	- 376	33
<b>Subtotal</b>	<b>9,355</b>	<b>6,633</b>	<b>2,722</b>
Trading income	163	100	63
<b>Investment income</b>	<b>9,518</b>	<b>6,733</b>	<b>2,785</b>

<sup>a)</sup> With consolidated figures for this segment.

After policyholders' participation, the life and health insurance segment nearly doubled its earnings before taxes and amortization of goodwill for the first nine months of 2004, to 1,305 (725) million euros. After amortization of goodwill of 119 (132) million euros, taxes of 427 (90) million euros, and minority interests of 251 (181) million euros, net income for this segment improved to 508 (322) million euros.

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**Life and Health Insurance**

	Total premium income		Expense ratio <sup>1)</sup>		Earnings after taxes <sup>2)</sup>	
	9/30/2004 € mn	9/30/2003 € mn	9/30/2004 %	9/30/2003 %	9/30/2004 € mn	9/30/2003 € mn
Life insurance Germany	7,256	7,035	11.5	6.1	135	47
Health insurance Germany	2,267	2,220	9.0	9.7	68	46
Italy	5,832	6,574	4.3	3.6	215	146
France	3,323	3,167	17.0	16.0	214	169
Switzerland	865	996	9.9	7.9	12	- 14
U. S. A.	8,286	6,527	6.5	5.2	134	106
South Korea	1,033	1,243	18.3	11.8	- 10	11

<sup>1)</sup> In relation to total premiums earned (net)

<sup>2)</sup> Earnings after taxes before amortization of goodwill and minority interests

In the first nine months of this year, our **life insurance business in Germany** reported a total premium income of 7.3 billion euros, up 3.1 percent, or 221 million euros, on the previous year.

After a relatively slow development of new business in the first six months of 2004 due to the wait-and-see attitude of customers in the face of imminent changes to Germany's Law on the taxation of pensions and annuities ("Alterseinkünftegesetz"), the third quarter saw a clear revival in new business following the decision to adopt these changes. During the first three quarters of this year, our internal benchmark for measuring sales performance – the valued total premiums of new business acquired – was 12.7 percent up on the previous year, a clear sign that revenues are continuing to develop positively.

The expense ratio increased to 11.5 (6.1) percent, attributable to an extraordinary effect in the previous year which caused the ratio to be unusually low as a result of adjustments in the bases for actuarial calculations. Overall, the expense ratio is steadily falling in a long term comparison.

Investment income was up on the previous year to 4.5 (2.7) billion euros, due essentially to a substantial fall in realized losses and write-downs. Earnings after taxes increased accordingly to 135 (47) million euros.

In **health insurance**, total revenues increased to 2.3 billion euros, a rise of 2.1 percent on the previous year. This plus is attributable both to rate adjustments at the start of the year and to new business. There was increased demand, in particular, for supplementary insurance. However, towards the end of the third quarter 2004, the government's U-turn on dental prostheses in Germany severely restricted market potential for supplementary insurance because it reversed the right of persons subject to statutory insurance to opt for private dental cover. In view of ongoing discussions about the future of the German healthcare system, there is continued reluctance among customers to take out full-coverage health insurance. The claims ratio fell to 69.7 (72.0) percent and the expense ratio to 9.0 (9.7) percent. Earnings after taxes were up on the previous year to 68 (46) million euros.

Total revenues of our **French life insurance company** AGF increased to 3.3 billion euros, an increase of 4.9 percent, reflecting the success of the measures initiated. We continued our drive to shift the product mix towards more profitable investment-oriented products. Cost-reduction programs are being implemented as planned. Due to one-off effects resulting from accounting changes, mainly adjustments for the treatment of deferred acquisition costs under IFRS, the expense ratio increased to 17.0 (16.0) percent. The earnings after taxes increased to

214 (169) million euros was boosted by investment income, which increased to 1.8 (1.5) billion euros.

In **Italy**, total revenues dropped 11.3 percent to 5.8 billion euros. This is mainly attributable to reduced sales of life insurance through the bank channel compared to the outstanding figures achieved last year, a trend experienced throughout the entire market. Our total premium income from banking fell 20 percent to 4.0 billion euros. However, there was an increase in sales through representative agencies and financial planners. The expense ratio increased to 4.3 (3.6) percent, due primarily to the drop in revenues. The growth in investment income to 0.8 (0.6) billion euros, mainly as a result of reduced write-downs, was a major contribution to the increase in earnings after taxes to 215 (146) million euros.

In **Switzerland**, total premium income fell by 13.2 percent, or 10.7 percent in local currency. This decline is attributable both to the spin-off of our own "Pensionskasse" and a reduction in collective life insurance acquisitions. In the first nine months of this year, boosted by increased investment income, the company reported earnings after taxes of 12 million euros as opposed to last year's 14 million euro loss during the same period. As of January 1, 2005, the guaranteed interest rate will rise from 2.25 percent to 2.5 percent.

Allianz Life, our life insurer in the **U. S. A.**, reported 26.9 percent growth in total revenues for the first nine months of 2004 to 8.3 billion euros. In local currency, this represents an increase of 39.9 percent. On a US dollar basis, direct insurance, i. e. not including the premium income arising from the sale of our reinsurance business, saw a 36.4 percent rise in total revenues. The high sales figures are attributable both to classic annuity insurance, which experienced a substantial boost following a sales drive and the launch of new products in the third quarter, and unit-linked annuity insurance.

Investment income increased marginally to 762 (758) million euros. While current investment income increased to 0.8 (0.7) billion euros, the balance of realized gains and losses declined.

Boosted by the sale of our reinsurance business, which in the third quarter led to profit as a result of the novation of the majority of contracts, earnings after taxes were up 25.9 percent year on year to 134 million euros.

During the third quarter, **Allianz Life Korea** continued to drive forward the reorganization of its insurance portfolio. The ensuing limitations regarding the sale of less profitable products resulted in a drop in premium income to 1.0 (1.2) billion euros over the first nine months of 2004. As intended, the focus of new business shifted towards more profitable products with a longer maturity. In September 2004, these products already accounted for a share in new business of 70 percent. Having generated earnings after taxes of 11 million euros in the prior-year period, a loss was reported for the first three quarters of 2004 of altogether 10 million euros. This development is attributable to two special factors: While substantial realized gains had a positive effect during the first quarter of 2004, a 51 million euro write-down of tax loss carry-forwards that would not be utilizable after 2006 adversely affected third-quarter earnings.

We are continuing our concentrated efforts to return Allianz Life Korea to sustainable profitability. The decisive factor in our success will be the continued development of new business in profitable products in the face of difficult market conditions. Over the medium term, however, our profitability will still depend on interest rate developments and how these influence insurance portfolio earning guarantees that have already been issued.

## BANKING BUSINESS

The positive turnaround of our banking business appears to be continuing after nine months. During this period, we achieved an operating profit of 573 (–69) million euros; 542 (–163) million euros of this amount were generated by Dresdner Bank. This result was primarily the consequence of further cost-cutting measures and our improved risk situation. Dresdner Bank contributed 360 (–411) to the net income for this period.

### Banking Business

		9/30/2004 Banking	9/30/2004 thereof Dresdner Bank <sup>1)</sup>	9/30/2003 Banking	9/30/2003 thereof Dresdner Bank <sup>1)</sup>
Net interest income <sup>2)</sup>	€ mn	1,820	1,758	1,954	1,683
Net fee and commission income	€ mn	1,974	1,858	1,864	1,823
Net trading income	€ mn	1,160	1,165	1,425	1,397
<b>Operating revenues</b>	€ mn	4,954	4,781	5,243	4,903
Operating expenses	€ mn	– 4,110	– 3,968	– 4,596	– 4,344
Net loan loss provisions	€ mn	– 271	– 271	– 715	– 722
<b>Operating profit</b>	€ mn	573	542	– 69	– 163
Net of other income/expenses	€ mn	– 191	– 183	– 261	– 288
Investment result	€ mn	154	145	– 111	– 112
Restructuring expenses	€ mn	– 127	– 127	– 335	– 282
Amortization of goodwill	€ mn	– 194	– 194	– 193	– 197
<b>Profit before taxes</b>	€ mn	214	183	– 968	– 1,042
Taxes	€ mn	222	233	580	620
<b>Profit after taxes</b>	€ mn	437	416	– 388	– 422
Minority interests in earnings	€ mn	– 104	– 56	– 44	11
<b>Net income</b>	€ mn	332	360	– 432	– 411
Operating cost-income ratio	%	83.0	83.0	87.7	88.6

<sup>1)</sup> Dresdner Bank's contribution to Allianz Group's banking business

<sup>2)</sup> Starting in 2004, "current income from associated companies" will be reported under net interest income (September 30, 2003: –53 million euros from investments)

**Operating revenues** in banking fell to 5.0 billion euros. This 5.5 percent or 289 million euro decline is primarily the result of de-consolidation effects which led to a fall in operating revenues of 218 million euros. There was a marked reduction in administrative costs and net loan loss provisions, both of which helped banking report an operating profit of 573 (–69) million euros for the first nine months of 2004.

Our banking business profits were generated almost exclusively by **Dresdner Bank**, which has reported the following developments over the past nine months:

The decline in **operating revenues** to 4.8 (4.9) billion euros (2.5 percent down on the same period last year) is in particular attributable to a 16.7 percent drop in trading income.

The **interest margin** increased, so that despite a reduction in risk-weighted assets, net interest income rose by 4.5 percent to 1.8 billion euros. One-off effects and the reduced charges resulting from the use of IAS 39 also helped.

At 1.9 billion euros, **net fee and commission income** experienced a marginal improvement.

Savings in both personnel and non-personnel expenses led to an 8.7 percent reduction in **operating expenses** to 4.0 (4.3) billion euros. This is a clear indication of the progress we have already made in implementing the “New Dresdner Bank” initiative and additional restructuring measures.

Fueled by the reduction of risk-weighted assets and by our improved risk management, there was also a significant reduction in **net loan loss provisions**: At 271 million euros, these were down 62.5 percent on the prior-year figure.

After deducting **operating expenses** and loan loss provisions from operating revenues, Dresdner Bank contributed 542 (–163) million euros to the operating profit of the banking business, all of which serves to confirm that Dresdner Bank is still on the right track.

The **non-operating expense** components came to a loss figure of 359 (–878) million euros. The most significant expenses in the year under review were scheduled amortization of goodwill, which amounted to 194 (197) million euros, restructuring costs of 127 (282) million Euros, and other income, which resulted in a loss figure of –183 (–288) million euros. This item mainly includes write-downs on assets allocated to the IRU segment and valuation adjustments on other non-strategic assets.

Income of 233 million euros, resulting in part from the intra-Group transfer of a subsidiary, is reported under the taxes item. Overall Dresdner Bank contributed 360 (411) million euros to the **net income** of Allianz’ banking business for the period under review.

## Segment reporting

### Private & Business Clients (PBC)

		9/30/2004	9/30/2003
Net interest income	€ mn	1,091	1,158
Net fee and commission income	€ mn	1,203	1,104
Net trading income	€ mn	25	26
<b>Operating revenues</b>	€ mn	2,319	2,288
Operating expenses	€ mn	– 1,795	– 1,909
Net loan loss provisions	€ mn	– 154	– 222
<b>Operating profit</b>	€ mn	371	157
Net of other income/expenses	€ mn	– 1	– 4
Investment result	€ mn	7	17
Restructuring expenses	€ mn	– 61	– 67
<b>Profit before taxes and amortization of goodwill</b>	€ mn	315	103
Taxes	€ mn	– 117	– 30
<b>Profit after taxes and before amortization of goodwill</b>	€ mn	198	73
Operating cost-income ratio	%	77.4	83.4

The Private & Business Clients sector generated **operating revenues** of 2.3 billion euros in the first nine months of 2004, up approximately 1.3 percent year on year. Net fee and commission income was up by 8.9 percent. This growth was a result of successful sales activities within both domestic and non-domestic securities. **Operating expenses** fell by 6.0 percent as a result of the restructuring process. The cost-income ratio improved significantly to 77.4 (83.4) percent. The 30.6 percent drop in demand for net loan loss provisions also contributed to these encouraging results. Overall, we more than doubled the **operating profit** in the Private and Business Client (PBC) division to 371 (157) million euros compared to the same period last year. After taxes, we reported a profit after taxes of 198 (73) million euros.

## Corporate Banking (CB)

		9/30/2004	9/30/2003
Net interest income	€ mn	503	512
Net fee and commission income	€ mn	223	235
Net trading income	€ mn	41	36
<b>Operating revenues</b>	€ mn	767	783
Operating expenses	€ mn	- 357	- 394
Net loan loss provisions	€ mn	- 44	- 94
<b>Operating profit</b>	€ mn	366	294
Net of other income/expenses	€ mn	3	4
Investment result	€ mn	0	13
Restructuring expenses	€ mn	- 14	- 61
<b>Profit before taxes and amortization of goodwill</b>	€ mn	354	250
Taxes	€ mn	- 142	- 100
<b>Profit after taxes and before amortization of goodwill</b>	€ mn	213	151
Operating cost-income ratio	%	46.5	50.4

In the Corporate Banking sector, **operating revenues** fell slightly over the nine month period to 767 (783) million euros. While the net fee and commission income declined 4.9 percent to 223 million euros year on year, net interest income remained almost stable. Our improved interest margin almost made up for the reduction of risk-weighted assets. Through strict cost management we were able to reduce **operating expenses** by 9.4 percent. **Net loan loss provisions** were also substantially (52.7 percent) below the previous year figure. The total **operating profit** increased to 366 million euros, 24.3 percent up on the previous year, and, at 46.5 percent, the **cost-income ratio** improved by 3.8 percentage points. **Profit after taxes** amounted to 213 (151) million euros.

## Dresdner Kleinwort Wasserstein (DrKW)

		9/30/2004	9/30/2003
Net interest income	€ mn	225	254
Net fee and commission income	€ mn	404	387
Net trading income	€ mn	934	1,104
<b>Operating revenues</b>	€ mn	1,563	1,745
Operating expenses	€ mn	- 1,347	- 1,453
Net loan loss provisions	€ mn	1	43
<b>Operating profit</b>	€ mn	217	335
Net of other income/expenses	€ mn	- 4	8
Investment result	€ mn	14	5
Restructuring expenses	€ mn	- 3	- 13
<b>Profit before taxes and amortization of goodwill</b>	€ mn	224	334
Taxes	€ mn	- 35	- 101
<b>Profit after taxes and before amortization of goodwill</b>	€ mn	190	233
Operating cost-income ratio	%	86.2	83.3

Over the first nine months of this year, DrKW generated **operating revenues** of 1.6 (1.7) billion euros. Year on year, this represents a fall of 182 million euros (or 10.4 percent), which is due, in part, to the unfavorable market conditions, but is primarily a consequence of our systematic risk reduction in the trading book. This drop in earnings was partially counterbalanced by reducing **operating expenses** by 7.3 percent to 1,347 million euros. After **net loan loss provisions**, we reported an operating profit of 217 (335) million euros. **Profit after taxes** amounted to 190 (233) million euros.

**Institutional Restructuring Unit (IRU)**

		9/30/2004	9/30/2003
Net interest income	€ mn	272	361
Net fee and commission income	€ mn	19	65
Net trading income	€ mn	5	7
<b>Operating revenues</b>	€ mn	295	433
Operating expenses	€ mn	- 193	- 308
Net loan loss provisions	€ mn	- 173	- 518
<b>Operating profit</b>	€ mn	- 71	- 393
Net of other income/expenses	€ mn	- 105	- 161
Investment result	€ mn	167	16
Restructuring expenses	€ mn	5	- 121
<b>Profit before taxes and amortization of goodwill</b>	€ mn	- 3	- 659
Taxes	€ mn	111	192
<b>Profit after taxes and before amortization of goodwill</b>	€ mn	108	- 467
Operating cost-income ratio	%	65.4	71.2

For the 2004 period under review, the IRU's earnings contribution after taxes amounts to 108 (-467) million euros. Although due, in part, to a realized gain from the sale of our participation in the Spanish private broadcasting corporation Telecinco, this is primarily attributable to substantially less need for net loan loss allowances, which was achieved through a dedicated drive to reduce the loan portfolio mainly outside of Germany. October of 2004 saw another successful sale of a non-strategic loan portfolios, which helped to reduce the loan volume by a further 1.2 billion euros. Sufficient provision had already been made during the third quarter to compensate for the losses resulting from this transaction. In addition, we managed to cut operating expenses to 193 million euros; a reduction of 37.3 percent.

**Corporate Other<sup>a</sup>**

		9/30/2004	9/30/2003
Net interest income	€ mn	- 333	- 601
Net fee and commission income	€ mn	10	32
Net trading income	€ mn	160	224
<b>Operating revenues</b>	€ mn	- 163	- 345
Operating expenses	€ mn	- 276	- 280
Net loan loss provisions	€ mn	99	69
<b>Operating profit</b>	€ mn	- 341	- 556
Net of other income/expenses	€ mn	- 76	- 135
Investment result	€ mn	- 43	- 162
Restructuring expenses	€ mn	- 54	- 21
<b>Profit before taxes and amortization of goodwill</b>	€ mn	- 514	- 873
Taxes	€ mn	414	658
<b>Profit after taxes and before amortization of goodwill</b>	€ mn	- 100	- 215

<sup>a</sup> Corporate Other = corporate functions (to the extent that they have not been allocated to business units), corporate items and corporate investments of Dresdner Bank together with consolidation adjustments.

The components included under Corporate Other generated an after-tax loss of 100 (-215) million euros at the close of the first three quarters of this year. The negative net interest income is primarily attributable to effects resulting from the application of IAS 39, which contributed to a loss figure of 222 million euros. These effects had a positive influence on trading income of 204 million euros. The reported operating expenses of 276 (280) million euros primarily represent expenses that are not directly allocated to business units. Investment result, which markedly improved to -43 (-162) million euros, included, *inter alia*, expenses for write-downs on our real-estate assets and write-downs and realized gains in connection with our investments in industry.

## ASSET MANAGEMENT

**On September 30, 2004, our assets under management amounted to 1,070 billion euros, representing an increase of 74 billion euros, or 7.5 percent since the end of 2003. This amount includes net inflows for third-party investments of 14 billion euros. The operating profit increased to 578 (528) million euros. However, on account of high acquisition-related expenses we still recorded a loss of 191 (226) million euros.**

### Assets Under Management

	Current values on 9/30/2004 € bn	Current values on 12/31/2003 € bn
Group investments	446	399
Investments for unit-linked life insurance	33	32
Investments for third-party investors	592	565
<b>Assets under management</b>	<b>1,070</b>	<b>996</b>

Since the end of 2003, Group investments increased by 47 billion euros, or 11.8 percent, to 446 billion euros since the end of 2003.

Third-party investments climbed by 27 billion euros (in euro accounts), or 4.8 percent, to 592 billion euros. The main contributing factors were high net inflows of 14 billion euros, portfolio gains of 17 billion euros thanks to slight increases in equity and bond prices, and conversion gains of 8 billion euros due to the somewhat stronger U.S. dollar than at the start of the year. Our withdrawal from the Meiji Life joint venture in Japan with a volume of 12 billion euros had a negative impact on this figure.

Approximately 75 percent of the assets were invested in interest-bearing securities and about 23 percent in equities. Business with institutional customers accounts for 59 percent of investments for third parties, while 41 percent come from business with private clients.

In the fixed-income securities business, we continued the successes of the past few years. The PIMCO Total Return Fund further strengthened its position as the world's largest actively managed bond fund. Our bond manager PIMCO, the market leader in the fixed income business in the U. S. A., also boosted

its market position in both Europe and Asia. In Germany, we upgraded assets under management in the institutional market as well as in the area of public funds. In institutional asset management, our subsidiary dbi continues to hold the unchallenged top position among special funds, with managed assets of 71.1 billion euros (68.4 billion euros at the end of 2003). dit currently ranks fourth in the German mutual funds market, with managed assets of 47.7 billion euros (46.7 billion euros at the end of 2003).

### Asset Management

	9/30/2004 € mn	9/30/2003 € mn
Operating revenues	1,664	1,664
Operating expenses	- 1,086	- 1,136
<b>Operating profit</b>	<b>578</b>	<b>528</b>
Acquisition-related expenses	- 636	- 633
Taxes	- 8	22
Minority interests	- 124	- 143
<b>Net income</b>	<b>- 191</b>	<b>- 226</b>
Cost-income ratio	65.3	68.2

Operating profit amounted to 578 million euros, after 528 million euros for the comparable period in the previous year. At constant exchange rates we would have improved the result by 18.2 percent, to 624 million euros. Strict cost management helped to improve the cost-income ratio to 65.3 (68.2) percent compared to first nine months of 2003.

Acquisition-related expenses came to 636 million euros. These included amortization of goodwill totaling 285 million euros and 95 million euros for the amortization of capitalized loyalty bonuses to the management of the PIMCO Group, which will end in 2005. An additional 256 million euros were mainly retention payments for the management and employees of PIMCO and Nicholas Applegate, which were agreed upon at the time of acquisition of the fund management companies.

Taxes amounted to a charge of 8 million euros. After deduction of minority interests amounting to 124 million euros, the asset management segment reported a loss of 191 million euros, as expected, compared to a loss of 226 million euros in the prior-year period.

In the course of the recent US regulatory actions with respect to the mutual fund industry's practices of "market timing" and "revenue sharing" some Allianz Group companies have been subject to investigations and court actions. To the extent the investigations have not been terminated, the respective Allianz Group companies reached settlements with the regulators. Relating to the same allegations, punitive class actions are pending, among others against certain Allianz Group companies, funds and trustees.

## OUTLOOK

The success we have achieved to date shows that we are clearly on the right track with our “3+One” program. The substantial operating progress that we have made until now should continue over the remaining course of the year and lead to sustainable year-on-year improvements.

For the whole of 2004, we expect to exceed our goal in the insurance business of internal growth in total premium income of 4 percent. In property and casualty insurance, we currently expect the combined ratio to remain at its current level, provided there are no major natural catastrophes or other major claims during the fourth quarter. In life and health insurance, we expect net income to be considerably higher than last year as a result of the rapid growth that has been seen and our continued cost discipline.

For the Dresdner Bank, we expect to achieve a balanced annual result after restructuring expenses. In asset management, acting on the assumption that exchange rates and market prices will remain at current levels, we intend to raise assets managed for third parties by approximately 10 percent and further improve on the previous year's operating result.

In the fourth quarter of this year, we expect an altogether balanced result from realized investment gains and losses. A significant and continued backlash on the equity markets would negatively impact our earnings by way of higher write-downs.

### **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 of 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 the Allianz Group'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) the extent of credit defaults (vii) interest rate levels, (viii) currency exchange rates including the Euro-U.S. dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. The matters discussed herein may also involve risks and uncertainties described from time to time in Allianz AG's filings with the U.S. Securities and Exchange Commission.

The company assumes no obligation to update any forward-looking statement.

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## Consolidated Balance Sheet as of September 30, 2004 and as of December 31, 2003

ASSETS	Note	9/30/2004 € mn	12/31/2003 € mn
<b>A. Intangible assets</b>	2	15,654	16,262
<b>B. Investments in affiliated enterprises, joint ventures and associated enterprises</b>		6,082	6,442
<b>C. Investments</b>	3	311,772	295,067
<b>D. Investments held on account and at risk of life insurance policyholders</b>		32,914	32,460
<b>E. Loans and advances to banks</b>	4	131,574	117,511
<b>F. Loans and advances to customers</b>	5	214,114	203,259
<b>G. Trading assets</b>		194,447	146,154
<b>H. Cash and cash equivalents</b>		20,798	25,528
<b>I. Amounts ceded to reinsurers from insurance reserves</b>	6	25,116	25,061
<b>J. Deferred tax assets</b>		14,125	14,364
<b>K. Other assets</b>		52,354	53,804
<b>Total assets</b>		<b>1,018,950</b>	<b>935,912</b>

EQUITY AND LIABILITIES	Note	9/30/2004 € mn	12/31/2003 € mn
<b>A. Shareholders' equity</b>		29,771	28,592
<b>B. Minority interests in shareholders' equity</b>	7	8,996	8,367
<b>C. Participation certificates and subordinated liabilities</b>	8	13,462	12,230
<b>D. Insurance reserves</b>	9	334,313	311,471
<b>E. Insurance reserves for life insurance where the investment risk is carried by policyholders</b>		32,914	32,460
<b>F. Liabilities to banks</b>		193,870	178,316
<b>G. Liabilities to customers</b>		183,895	154,728
<b>H. Certificated liabilities</b>		54,725	63,338
<b>I. Trading liabilities</b>		104,975	84,835
<b>J. Other accrued liabilities</b>	10	12,952	13,908
<b>K. Other liabilities</b>	11	33,009	31,725
<b>L. Deferred tax liabilities</b>		13,813	13,509
<b>M. Deferred income</b>		2,255	2,433
<b>Total equity and liabilities</b>		<b>1,018,950</b>	<b>935,912</b>

**Consolidated Income Statement for the Period from January 1 to September 30, 2004  
and from January 1 to September 30, 2003**

	Note	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
<b>1. Premiums earned (net)</b>	12	41,829	41,426
<b>2. Interest and similar income</b>	13	15,850	17,009
<b>3. Income (net) from investments in affiliated enterprises, joint ventures and associated enterprises</b>		707	- 160
<b>4. Other income from investments</b>	14	3,779	7,510
<b>5. Trading income</b>	15	1,285	275
<b>6. Fee and commission income, and income from service activities</b>	16	4,962	4,553
<b>7. Other income</b>	17	1,799	2,337
<b>Total income (1. to 7.)</b>		70,211	72,950
<b>8. Insurance benefits (net)</b>	18	- 38,885	- 37,295
<b>9. Interest and similar expenses</b>	19	- 4,042	- 4,948
<b>10. Other expenses for investments</b>	20	- 2,130	- 7,677
<b>11. Loan loss provisions</b>	21	- 273	- 720
<b>12. Acquisition costs and administrative expenses</b>	22	- 16,569	- 16,301
<b>13. Amortization of goodwill</b>		- 885	- 895
<b>14. Other expenses</b>	23	- 3,461	- 4,450
<b>Total expenses (8. to 14.)</b>		- 66,245	- 72,286
<b>15. Earnings from ordinary activities before taxes</b>		3,966	664
<b>16. Taxes</b>	24	- 1,241	653
<b>17. Minority interests in earnings</b>	7	- 897	- 585
<b>18. Net income</b>		1,828	732
		€	€
<b>Earnings per share</b>	25	4.98	2.23
<b>Earnings per share after elimination of amortization of goodwill</b>	25	7.40	4.95
<b>Diluted earnings per share</b>	25	4.97	2.23
<b>Diluted earnings per share after elimination of amortization of goodwill</b>	25	7.38	4.95

**Consolidated Income Statement for the Period from July 1 to September 30, 2004  
and from July 1 to September 30, 2003**

		7/1-9/30/2004 € mn	7/1-9/30/2003 € mn
<b>1. Premiums earned (net)</b>		13,830	13,923
<b>2. Interest and similar income</b>		5,203	5,143
<b>3. Income (net) from investments in affiliated enterprises, joint ventures and associated enterprises</b>		68	72
<b>4. Other income from investments</b>		730	1,706
<b>5. Trading income</b>		299	241
<b>6. Fee and commission income, and income from service activities</b>		1,616	1,523
<b>7. Other income</b>		689	445
<b>Total income (1. to 7.)</b>		22,435	23,053
<b>8. Insurance benefits (net)</b>		- 12,308	- 13,040
<b>9. Interest and similar expenses</b>		- 1,384	- 1,433
<b>10. Other expenses for investments</b>		- 588	- 1,040
<b>11. Loan loss provisions</b>		- 51	- 17
<b>12. Acquisition costs and administrative expenses</b>		- 5,576	- 5,372
<b>13. Amortization of goodwill</b>		- 297	- 296
<b>14. Other expenses</b>		- 953	- 1,069
<b>Total expenses (8. to 14.)</b>		- 21,157	- 22,267
<b>15. Earnings from ordinary activities before taxes</b>		1,278	786
<b>16. Taxes</b>		- 498	20
<b>17. Minority interests in earnings</b>		- 241	- 220
<b>18. Net income</b>		539	586

## Statement of Changes in Shareholders' Equity

	Paid-in capital € mn	Revenue reserves € mn	Translation differences € mn	Unrealized gains and losses € mn	Shareholders' equity € mn
<b>As of 12/31/2002</b>	14,785	5,914	– 342	1,317	21,674
Translation differences			– 1,153	– 78	– 1,231
Changes in the group of consolidated companies		– 1,573		876	– 697
Capital paid in	4,482				4,482
Treasury stock		1,530			1,530
Unrealized investment gains and losses				1,336	1,336
Net income		732			732
Shareholders' dividend		– 374			– 374
Miscellaneous		– 1,126			– 1,126
<b>As of 9/30/2003</b>	19,267	5,103	– 1,495	3,451	26,326
<b>As of 12/31/2003</b>	19,347	6,914	– 1,916	4,247	28,592
Translation differences			101	17	118
Changes in the group of consolidated companies		– 22	14	5	– 3
Treasury stock		43			43
Unrealized investment gains and losses				46	46
Net income		1,828			1,828
Shareholders' dividend		– 551			– 551
Miscellaneous		– 56		– 246	– 302
<b>As of 9/30/2004</b>	19,347	8,156	– 1,801	4,069	29,771

The column "translation differences" shows the currency translation differences accrued since January 1, 1997 (conversion to IFRS accounting), which are recorded in shareholders' equity and not recognized in net income.

## Cash Flow Statement

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
<b>Current business activities</b>		
Net income	1,828	732
Change in unearned premiums	1,382	1,746
Change in aggregate policy reserves <sup>1)</sup>	10,402	8,980
Change in reserve for loss and loss adjustment expenses	1,771	1,393
Change in other insurance reserves <sup>2)</sup>	1,637	723
Change in deferred acquisition costs	– 387	– 1,774
Change in funds held by others under reinsurance business assumed	460	– 31
Change in funds held under reinsurance business ceded	420	306
Change in accounts receivable/payable on reinsurance business	– 47	118
Change in trading securities <sup>3)</sup>	– 22,029	– 980
Change in loans and advances to banks and customers	– 36,093	– 15,543
Change in liabilities to banks and customers	47,164	34,072
Change in certificated liabilities	2,197	– 16,291
Change in other receivables and liabilities	5,613	737
Change in deferred tax assets/liabilities <sup>4)</sup>	291	– 1,066
Non-cash investment income/expenses	– 2,309	1,540
Amortization of goodwill	885	895
Other	– 2,436	– 754
<b>Net cash flow provided by (used in) operating activities</b>	<b>10,749</b>	<b>14,803</b>
<b>Investment activities</b>		
Change in securities available for sale	– 10,652	– 11,350
Change in securities held to maturity	– 585	2,397
Change in real estate	– 1,604	– 490
Change in other investments	869	– 814
Change in cash and cash equivalents from the acquisition of consolidated affiliated companies	– 1,293	–
Other	– 1,284	239
<b>Net cash flow provided by (used in) investing activities</b>	<b>– 14,549</b>	<b>– 10,018</b>
<b>Financing activities</b>		
Change in participation certificates and subordinated liabilities	1,232	– 1,453
Change in investments held on account and at risk of life insurance policyholders	– 5,733	– 6,352
Change in aggregate policy reserves for life insurance products according to SFAS 97	3,235	7,445
Cash inflow from capital increases	–	4,482
Dividend payouts	– 985	– 651
Other from shareholders' equity and minority interests <sup>5)</sup>	1,279	– 783
<b>Net cash flow provided by financing activities</b>	<b>– 972</b>	<b>2,688</b>
Effect of exchange rate changes on cash and cash equivalents	42	– 80
<b>Change in cash and cash equivalents</b>	<b>– 4,730</b>	<b>7,393</b>
Cash and cash equivalents at beginning of period	25,528	21,008
Cash and cash equivalents at end of period	20,798	28,401

<sup>1)</sup>Without aggregate policy reserves for life insurance products in accordance with SFAS 97

<sup>2)</sup>Without change in the reserves for latent premium refunds from unrealized investment gains and losses

<sup>3)</sup>Including trading liabilities

<sup>4)</sup>Without change in deferred tax assets/liabilities from unrealized investment gains and losses

<sup>5)</sup>Without change in revenue reserves from unrealized investment gains and losses

The data for the cash flow statement were prepared in accordance with International Financial Reporting Standards (IFRS).

The cash flow statement excludes effects of major changes in the scope of consolidation, in the first nine months of 2004 in particular the effects of the deconsolidation of Entenial, Guyancourt, and the President General Insurance, Taiwan, as well as the acquisition of Banca BNL Investimenti, Milan and the Four Seasons Health Care Ltd., Wilmslow.

The deconsolidation reduced the value of investments held (excluding funds held by others) by € 1,585 (24) mn; the purchases caused an increase in goodwill of € 311 (0) mn; the net total of other assets and liabilities increased by € 2,515 (24) mn. Cash outflows in connection with the acquisition amounted to € 515 (0) mn. In addition, changes in the scope of consolidation resulted in a reduction of cash and cash equivalents by € 778 (0) mn. Outflow for taxes on income amounted to € 885 (1,958) mn.

## Consolidated Balance Sheet by Business Segments as of September 30, 2004 and as of December 31, 2003

ASSETS	Property/Casualty		Life/Health	
	9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn
<b>A. Intangible assets</b>	2,303	2,520	4,149	4,351
<b>B. Investments in affiliated enterprises, joint ventures and associated enterprises</b>	48,476	48,385	5,476	5,717
<b>C. Investments</b>	84,108	80,920	208,964	196,335
<b>D. Investments held on account and at risk of life insurance policyholders</b>	–	–	32,914	32,460
<b>E. Loans and advances to banks</b>	10,142	9,693	5,756	2,103
<b>F. Loans and advances to customers</b>	2,500	3,033	27,501	28,155
<b>G. Trading assets</b>	546	1,375	6,916	1,646
<b>H. Cash and cash equivalents</b>	1,877	1,769	1,069	1,103
<b>I. Amounts ceded to reinsurers from insurance reserves</b>	14,810	14,400	16,707	16,875
<b>J. Deferred tax assets</b>	6,876	7,148	3,406	3,373
<b>K. Other assets</b>	21,507	23,628	19,770	19,747
<b>Total segment assets</b>	193,145	192,871	332,628	311,865

EQUITY AND LIABILITIES	Property/Casualty		Life/Health	
	9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn
<b>A. Participation certificates and subordinated liabilities</b>	5,509	4,006	66	65
<b>B. Insurance reserves</b>	88,299	83,946	252,553	233,868
<b>C. Insurance reserves for life insurance where the investment risk is carried by policyholders</b>	–	–	32,914	32,460
<b>D. Liabilities to banks</b>	2,295	8,687	1,789	1,662
<b>E. Liabilities to customers</b>	6,028	–	159	–
<b>F. Certificated liabilities</b>	11,086	17,757	75	90
<b>G. Trading liabilities</b>	296	353	1,772	1,396
<b>H. Other accrued liabilities</b>	5,965	5,594	786	1,242
<b>I. Other liabilities</b>	14,752	15,503	21,568	20,528
<b>J. Deferred tax liabilities</b>	7,586	7,469	4,486	4,148
<b>K. Deferred income</b>	121	135	291	557
<b>Total segment liabilities</b>	141,937	143,450	316,459	296,016

Banking		Asset Management		Consolidation Adjustments		Group	
9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn
2,594	2,847	6,609	6,544	- 1	-	15,654	16,262
3,222	3,303	3	6	- 51,095	- 50,969	6,082	6,442
24,182	27,732	563	565	- 6,045	- 10,485	311,772	295,067
-	-	-	-	-	-	32,914	32,460
117,932	106,794	153	160	- 2,409	- 1,239	131,574	117,511
192,890	182,304	52	24	- 8,829	- 10,257	214,114	203,259
186,932	143,167	114	125	- 61	- 159	194,447	146,154
17,995	22,987	591	365	- 734	- 696	20,798	25,528
-	-	-	-	- 6,401	- 6,214	25,116	25,061
3,669	3,768	174	75	-	-	14,125	14,364
14,710	13,837	3,779	3,744	- 7,412	- 7,152	52,354	53,804
564,126	506,739	12,038	11,608	- 82,987	- 87,171	1,018,950	935,912

Banking		Asset Management		Consolidation Adjustments		Group	
9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn	9/30/2004 € mn	12/31/2003 € mn
8,036	8,263	-	-	- 149	- 104	13,462	12,230
25	35	-	-	- 6,564	- 6,378	334,313	311,471
-	-	-	-	-	-	32,914	32,460
190,028	168,770	20	111	- 262	- 914	193,870	178,316
185,826	156,390	320	378	- 8,438	- 2,040	183,895	154,728
44,309	51,371	4	72	- 749	- 5,952	54,725	63,338
102,968	83,307	-	-	- 61	- 221	104,975	84,835
5,727	6,611	474	461	-	-	12,952	13,908
7,796	7,295	1,584	1,509	- 12,691	- 13,110	33,009	31,725
1,683	1,836	58	56	-	-	13,813	13,509
1,838	1,738	5	3	-	-	2,255	2,433
548,236	485,616	2,465	2,590	- 28,914	- 28,719	980,183	898,953
Equity <sup>1)</sup>						38,767	36,959
Total equity and liabilities						1,018,950	935,912

<sup>1)</sup> Shareholders' equity and minority interests

**Consolidated Income Statement by Business Segments for the Period from January 1 to September 30, 2004  
and from January 1 to September 30, 2003**

	Property/Casualty		Life/Health	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
<b>1. Premiums earned (net)</b>	28,827	28,068	13,002	13,358
<b>2. Interest and similar income</b>	3,081	3,166	8,416	8,353
<b>3. Income (net) from investments in affiliated enterprises, joint ventures and associated enterprises</b>	1,560	128	283	215
<b>4. Other income from investments</b>	1,404	3,631	1,840	3,280
<b>5. Trading income</b>	– 36	– 1,370	162	100
<b>6. Fee and commission income, and income from service activities</b>	672	481	154	147
<b>7. Other income</b>	647	1,094	982	889
<b>Total income (1. to 7.)</b>	36,155	35,198	24,839	26,342
<b>8. Insurance benefits (net)</b>	– 20,623	– 20,453	– 18,262	– 16,813
<b>9. Interest and similar expenses</b>	– 1,120	– 1,174	– 90	– 218
<b>10. Other expenses for investments</b>	– 823	– 2,151	– 808	– 4,809
<b>11. Loan loss provisions</b>	– 1	– 3	– 1	– 2
<b>12. Acquisition costs and administrative expenses</b>	– 7,508	– 7,410	– 3,242	– 2,610
<b>13. Amortization of goodwill</b>	– 287	– 290	– 119	– 132
<b>14. Other expenses</b>	– 1,828	– 2,136	– 1,131	– 1,165
<b>Total expenses (8. to 14.)</b>	– 32,190	– 33,617	– 23,653	– 25,749
<b>15. Earnings from ordinary activities before taxes</b>	3,965	1,581	1,186	593
<b>16. Taxes</b>	– 1,032	141	– 427	– 90
<b>17. Minority interests in earnings</b>	– 686	– 257	– 251	– 181
<b>18. Net income</b>	2,247	1,465	508	322

Banking		Asset Management		Consolidation Adjustments		Group	
1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
–	–	–	–	–	–	41,829	41,426
4,917	6,045	47	48	– 611	– 603	15,850	17,009
117	– 122	– 1	–	– 1,252	– 381	707	– 160
491	666	7	8	37	– 75	3,779	7,510
1,160	1,425	2	17	– 3	103	1,285	275
2,310	2,209	2,283	2,116	– 457	– 400	4,962	4,553
195	337	23	59	– 48	– 42	1,799	2,337
9,190	10,560	2,361	2,248	– 2,334	– 1,398	70,211	72,950
–	–	–	–	–	– 29	– 38,885	– 37,295
– 3,196	– 4,091	– 10	– 23	374	558	– 4,042	– 4,948
– 356	– 655	– 2	– 3	– 141	– 59	– 2,130	– 7,677
– 271	– 715	–	–	–	–	– 273	– 720
– 4,446	– 4,941	– 1,773	– 1,695	400	355	– 16,569	– 16,301
– 194	– 193	– 285	– 280	–	–	– 885	– 895
– 513	– 932	– 350	– 352	361	135	– 3,461	– 4,450
– 8,976	– 11,527	– 2,420	– 2,353	994	960	– 66,245	– 72,286
214	– 967	– 59	– 105	– 1,340	– 438	3,966	664
222	580	– 8	22	4	–	– 1,241	653
– 104	– 44	– 124	– 143	268	40	– 897	– 585
332	– 431	– 191	– 226	– 1,068	– 398	1,828	732

## 1 Accounting regulations

In accordance with § 292a of the German Commercial Code (HGB), the consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS). All standards currently in force for the periods under review have been adopted in the presentation of the consolidated financial statements.

Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board (IASB). Already approved standards continue to be cited as International Accounting Standards (IAS).

IFRS do not provide specific guidance concerning the reporting of insurance transactions in financial statements. In such cases, as envisioned in the IFRS Framework, the provisions embodied under accounting principles generally accepted in the United States of America (U.S. GAAP) have been applied.

In the second quarter of 2004, in connection with the application of Statement of Position (SOP) 03-1 "Accounting and Reporting by Insurance Enterprises for certain Nontraditional Long-Duration Contracts and for Separate Accounts", there was a € 5,845 mn drop in the reported "insurance reserves for life insurance where the investment risk is carried by policyholders" and the corresponding asset position. This is due to Group enterprises from France in particular transferring insurance portfolios to the "Insurance Reserves" position and reporting the corresponding investments as trading assets.

In the consolidated financial statements for December 31, 2002, on the basis of detailed analyses, we did not record impairments under IFRS for 9 securities that by December 31, 2002 had had market values more than 20% below the Allianz Group weighted-average acquisition cost for over 6 months. At this point, the unrealized losses on these securities were not indicative of objective evidence of impairment for IFRS purposes. However, in the reconciliation of our 2002 annual accounts to U.S. GAAP, following discussion with the U.S. Securities and Exchange Commission (SEC) and considering the requirement for a different weighting of the available facts under U.S. GAAP, we booked a respective impairment. This accounting difference continued to be a subject of discussions with the SEC into the year 2004.

In the end, our discussions with the SEC resulted in a restatement of our 2002 consolidated financial statements whereby impairment write-downs on the above-mentioned securities were retroactively taken under IFRS as of December 31, 2002. The consequence of this was that the consolidated financial statements for 2003 also had to be adjusted. The adjustment to net income for the 2002 fiscal year according to IFRS amounted to a reduction of € 267 mn. For the 2003 fiscal year, there was a corresponding increase of € 274 mn.

The following table contains a detailed breakdown of the effects of the adjustment on earnings for the periods July 1 to September 30, 2003 and January 1 to September 30, 2003 and on shareholders' equity (including minority interests) for September 30, 2003:

Adjustment to/Change in	7/1/2003 – 9/30/2003 € mn	1/1/2003 – 9/30/2003 € mn
Investment income	443	664
Expenses for premium refunds (latent reserves)	203	311
Tax charge	7	10
Minority interests	19	32
<b>Change in net income for the period from adjustment</b>	<b>214</b>	<b>311</b>

Adjustment to/Change in	9/30/2003 € mn
Revenue reserves	- 44
Unrealized gains and losses	44
Minority interests in shareholders' equity	-
<b>Changes in shareholders' equity from adjustment</b>	<b>-</b>

The interim report follows the same accounting and valuation principles as the most recent annual financial statements.

In certain cases, prior-year figures were reclassified in the balance sheet and in the income statement to make them comparable with the current fiscal year. Such reclassifications have no impact on income.

The financial statements are presented in euros (€).

## SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED BALANCE SHEET

### 2 Intangible assets

Intangible assets comprise the following:

	9/30/2004 € mn	12/31/2003 € mn
Goodwill	12,105	12,370
Capitalized value of life/health insurance portfolios	1,557	1,658
Software	971	1,064
Loyalty bonuses	63	158
Brand names	751	782
Other	207	230
<b>Total</b>	<b>15 654</b>	<b>16,262</b>

Changes in goodwill were as follows:

	€ mn
Gross amount capitalized as of 12/31/2003	17,259
Accumulated amortization as of 12/31/2003	-4,889
<b>Value stated as of 12/31/2003</b>	<b>12,370</b>
Translation differences	36
<b>Value stated as of 1/1/2004</b>	<b>12,406</b>
Additions	606
Disposals	- 22
Impairment	-
Amortization	- 885
<b>Value stated as of 9/30/2004</b>	<b>12,105</b>
Accumulated amortization as of 9/30/2004	- 5,768
<b>Gross amount capitalized as of 9/30/2004</b>	<b>17,873</b>

Additions essentially include goodwill from increasing the interest in

- Pimco Advisors L.P., Delaware by 6.1 % to 90.0 %,
- American Financial Marketing Inc., Minneapolis by 50.0 % to 90.0 %,
- Banca BNL Investimenti, Milan by 100.0 % to 100.0 %,
- Four Seasons Health Care Ltd., Wilmslow by 100.0 % to 100.0 %.

Disposals essentially include goodwill from the reduction of our interests in

- Entenial, Guyancourt by 72.2 % to 0.0 %,
- President General Insurance, Taiwan by 50.0 % to 0.0 %,
- Assurance Générales de France, Paris by 0.9 % to 62.6 %.

Amortization is shown as a separate item under figure 13 of the consolidated income statement.

### 3 Investments

	9/30/2004 € mn	12/31/2003 € mn
Securities held-to-maturity	5,295	4,683
Securities available-for-sale	293,612	277,871
Real estate used by third parties	11,309	10,501
Funds held by others under reinsurance contracts assumed	1,556	2,012
<b>Total</b>	<b>311,772</b>	<b>295,067</b>

### Securities available-for-sale

	Amortized cost		Unrealized gains		Unrealized losses		Market values	
	9/30/2004 € mn	12/31/2003 € mn						
Equity securities	38,915	43,046	6,708	6,363	1,623	1,139	44,000	48,270
Government debt securities	142,293	131,486	6,207	4,744	222	626	148,278	135,604
Corporate debt securities	93,435	86,238	4,179	3,722	127	301	97,487	89,659
Other	3,822	4,280	34	69	9	11	3,847	4,338
<b>Total</b>	<b>278,465</b>	<b>265,050</b>	<b>17,128</b>	<b>14,898</b>	<b>1,981</b>	<b>2,077</b>	<b>293,612</b>	<b>277,871</b>

	Realized gains		Realized losses	
	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn
Equity securities	2,115	4,130	697	3,700
Debt securities	869	1,530	274	329
Other	4	22	57	6
<b>Total</b>	<b>2,988</b>	<b>5,682</b>	<b>1,028</b>	<b>4,035</b>

Impairments on securities available-for-sale totaled € 336 (3,382) mn and are included in other expenses for investments. Reversals of impairments on securities available-for-sale totaled € 601 (1,614) mn and are included in other income from investments.

### 4 Loans and advances to banks

	9/30/2004 € mn	12/31/2003 € mn
Loans	4,717	4,439
Reverse repos	104,896	91,201
Other advances	22,041	22,171
<b>Loans and advances to banks</b>	<b>131,654</b>	<b>117,811</b>
Less loan loss allowance	80	300
<b>Loans and advances to banks after loan loss allowance</b>	<b>131,574</b>	<b>117,511</b>

### 5 Loans and advances to customers

	9/30/2004 € mn	12/31/2003 € mn
Loans and advances to customers	219,035	208,684
Less loan loss allowance	4,921	5,425
<b>Loans and advances to customers after loan loss allowance</b>	<b>214,114</b>	<b>203,259</b>

## 6 Amounts ceded to reinsurers from insurance reserves

	9/30/2004 € mn	12/31/2003 € mn
Unearned premiums	1,512	1,242
Aggregate policy reserves	10,579	10,923
Reserves for loss and loss adjustment expenses	12,856	12,765
Other insurance reserves	169	131
<b>Subtotal</b>	<b>25,116</b>	<b>25,061</b>
Insurance reserves for life insurance where the investment risk is carried by policy-holders	–	–
<b>Total</b>	<b>25,116</b>	<b>25,061</b>

## 7 Minority interests in shareholders' equity and earnings

The primary subsidiaries included are the AGF Group, Paris, the RAS Group, Milan, and PIMCO Group, Delaware.

The interests of minority shareholders are made up as follows:

	9/30/2004 € mn	12/31/2003 € mn
Other reserves		
unrealized gains and losses	776	620
Share of earnings	897	825
Other equity components	7,323	6,922
<b>Total</b>	<b>8,996</b>	<b>8,367</b>

## 8 Participation certificates and subordinated liabilities

	9/30/2004 € mn	12/31/2003 € mn
Participation certificates	1,605	1,596
Subordinated liabilities	11,857	10,634
<b>Total</b>	<b>13,462</b>	<b>12,230</b>

## 9 Insurance reserves

	9/30/2004 € mn	12/31/2003 € mn
Unearned premiums	13,954	12,198
Aggregate policy reserves	233,008	217,895
Reserves for loss and loss adjustment expenses	65,120	62,782
Reserves for premium refunds	20,915	17,338
Premium deficiency reserves	631	538
Other insurance reserves	685	720
<b>Total</b>	<b>334,313</b>	<b>311,471</b>

## 10 Other accrued liabilities

	9/30/2004 € mn	12/31/2003 € mn
Reserves for pensions and similar obligations	5,626	5,669
Accrued taxes	1,464	2,066
Miscellaneous accrued liabilities	5,862	6,173
<b>Total</b>	<b>12,952</b>	<b>13,908</b>

Of the accrued taxes, € 1,318 (1,488) mn is attributable to taxes on income.

## 11 Other liabilities

	9/30/2004 € mn	12/31/2003 € mn
Funds held under reinsurance business ceded	9,105	8,608
Accounts payable on direct insurance business	7,533	7,813
Accounts payable on reinsurance business	1,655	1,878
Other liabilities	14,716	13,426
<b>Total</b>	<b>33,009</b>	<b>31,725</b>

## SUPPLEMENTARY INFORMATION TO THE CONSOLIDATED INCOME STATEMENT

### 12 Premiums earned (net)

	Property/Casualty			
	in Segment		Consolidation adjustments	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Gross premiums written				
from direct insurance	31,835	32,011	–	1
from reinsurance assumed	2,811	2,185	– 568	– 533
<b>Total</b>	<b>34,646</b>	<b>34,196</b>	<b>– 568</b>	<b>– 532</b>
Reinsurance ceded	– 4,362	– 4,323	12	10
<b>Premiums written (net)</b>	<b>30,284</b>	<b>29,873</b>	<b>– 556</b>	<b>– 522</b>
Premiums earned				
from direct insurance	30,149	30,016	–	2
from reinsurance assumed	2,756	2,171	– 572	– 533
<b>Total</b>	<b>32,905</b>	<b>32,187</b>	<b>– 572</b>	<b>– 531</b>
Reinsurance ceded	– 4,078	– 4,119	13	7
<b>Premiums earned (net)</b>	<b>28,827</b>	<b>28,068</b>	<b>– 559</b>	<b>– 524</b>

### 13 Interest and similar income

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Income from		
securities held-to-maturity	203	245
securities available-for-sale	9,366	9,399
real estate used by third parties	690	727
lending, money market transactions and loans	5,028	6,083
leasing agreements	35	52
other interest-bearing instruments	528	503
<b>Total</b>	<b>15,850</b>	<b>17,009</b>

		Life/Health								Total	
in Group <sup>*)</sup>		in Segment		Consolidation adjustments				in Group <sup>*)</sup>			
1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
31,835	32,012	14,162	14,081	–	–	14,162	14,081	45,997	46,093		
2,243	1,652	416	643	– 12	– 10	404	633	2,647	2,285		
34,078	33,664	14,578	14,724	– 12	– 10	14,566	14,714	48,644	48,378		
– 4,350	– 4,313	– 1,516	– 1,319	568	534	– 948	– 785	– 5,298	– 5,098		
29,728	29,351	13,062	13,405	556	524	13,618	13,929	43,346	43,280		
30,149	30,018	14,106	14,062	–	–	14,106	14,062	44,255	44,080		
2,184	1,638	416	615	– 13	– 10	403	605	2,587	2,243		
32,333	31,656	14,522	14,677	– 13	– 10	14,509	14,667	46,842	46,323		
– 4,065	– 4,112	– 1,520	– 1,319	572	534	– 948	– 785	– 5,013	– 4,897		
28,268	27,544	13,002	13,358	559	524	13,561	13,882	41,829	41,426		

### Net interest margin from Banking

		in Segment		Consolidation adjustments		in Group <sup>*)</sup>	
		1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Interest and current income		4,917	6,045	– 18	– 46	4,899	5,999
Interest expenses		– 3,196	– 4,091	50	55	– 3,146	– 4,036
<b>Net interest margin</b>		1,721	1,954	32	9	1,753	1,963
Less loan loss allowance		271	715	–	–	271	715
<b>Net interest margin after loan loss allowance</b>		1,450	1,239	32	9	1,482	1,248

<sup>\*)</sup> After eliminating intra-Group transactions between segments

## 14 Other income from investments

	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn
<b>Realized gains on</b>		
securities held-to-maturity	–	–
securities available-for-sale	2,988	5,682
real estate used by third parties	183	179
other investments	–	8
<b>Subtotal</b>	3,171	5,869
<b>Income from revaluations of</b>		
securities held-to-maturity	–	18
securities available-for-sale	601	1,614
real estate used by third parties	7	–
other investments	–	9
<b>Total</b>	608	1,641
<b>Income</b>	3,779	7,510

## 15 Trading income

Trading income includes expenses amounting to € 288 (1,340) mn from derivative financial instruments used by insurance companies for which hedge accounting is not applied. These include gains on derivative financial instruments embedded in exchangeable bonds issued amounting to € 6 (losses 15) mn. During the first 9 months of 2003, options and forwards were used (macro hedges) to reduce exposure to equities. This resulted in a charge of € 1,299 mn. Macro hedges were closed out during fiscal year 2003. Trading income also includes losses of € 294 (26) mn arising from the use of other derivative financial instruments by insurance companies.

Trading income amounting to € 1,285 (275) mn includes € 1,160 (1,425) mn income from trading activities of the banking business<sup>9</sup>. This is comprised as follows:

	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn
Trading in interest products	665	617
Trading in equity products	177	178
Foreign exchange/precious metals trading	101	256
Other trading activities	217	374
<b>Total</b>	1,160	1,425

<sup>9</sup> After eliminating intra-Group transactions between segments

## 16 Fee and commission income, and income from service activities

Of the total fee and commission income, and income from service activities of € 4,962 (4,553) mn, € 2,081 (2,013) mn are attributable to banking business\*).

### Net fee and commission income from banking business\*

	in Segment		Consolidation adjustments			in Group*)	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	
Fee and commission income	2,310	2,204	- 229	- 191	2,081	2,013	
Fee and commission expenses	- 336	- 340	24	46	- 312	- 294	
<b>Net fee and commission income</b>	<b>1,974</b>	<b>1,864</b>	<b>- 205</b>	<b>- 145</b>	<b>1,769</b>	<b>1,719</b>	

Net fee and commission income from banking business\*) comprises income from:

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Securities business	756	878
Underwriting business	69	77
Mergers and Acquisitions advisory	123	102
Foreign commercial business	47	48
Payment transactions (domestic and foreign)	279	224
Other	495	390
<b>Net fee and commission income</b>	<b>1,769</b>	<b>1,719</b>

## 17 Other income

Other income is comprised of the following items:

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Foreign currency gains	227	577
Fees	525	237
Income from releasing or reducing miscellaneous accrued liabilities	108	220
Income from reinsurance business	163	78
Income from other assets	19	61
Gains from the disposal of real estate used for own activities and of property, plant and equipment	137	12
Other	620	1,152
<b>Total</b>	<b>1,799</b>	<b>2,337</b>

\* After eliminating intra-Group transactions between segments

## 18 Insurance benefits

Insurance benefits in Property/Casualty include the following:

	Gross		Ceded in reinsurance	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Claims				
Claims paid	– 19,593	– 21,091	2,215	2,832
Change in reserves for loss and loss adjustment expenses	– 1,874	– 584	57	– 784
<b>Subtotal</b>	– 21,467	– 21,675	2,272	2,048
Change in other reserves				
Aggregate policy reserves	– 261	– 196	21	35
Other	– 143	68	2	1
<b>Subtotal</b>	– 404	– 128	23	36
Expenses of premium refunds	– 489	– 154	26	– 7
<b>Total</b>	– 22,360	– 21,957	2,321	2,077

	Net					
	in Segment		Consolidation adjustments		in Group <sup>a)</sup>	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Claims						
Claims paid	– 17,835	– 18,757	457	498	– 17,378	– 18,259
Change in reserves for loss and loss adjustment expenses	– 1,820	– 1,357	3	– 11	– 1,817	– 1,368
<b>Subtotal</b>	– 19,655	– 20,114	460	487	– 19,195	– 19,627
Change in other reserves						
Aggregate policy reserves	– 359	– 246	119	85	– 240	– 161
Other	– 145	68	4	1	– 141	69
<b>Subtotal</b>	– 504	– 178	123	86	– 381	– 92
Expenses of premium refunds	– 464	– 161	1	–	– 463	– 161
<b>Total</b>	– 20,623	– 20,453	584	573	– 20,039	– 19,880

<sup>a)</sup> After eliminating intra-Group transactions between segments

Insurance benefits in Life/Health include the following:

	Gross		Ceded in reinsurance	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Benefits paid	- 13,043	- 13,092	765	797
Change in reserves				
Aggregate policy reserves	- 3,151	- 4,046	- 179	- 64
Other	- 113	- 163	- 10	- 44
<b>Subtotal</b>	<b>- 16,307</b>	<b>-17,301</b>	<b>576</b>	<b>689</b>
Expenses of premium refunds	- 3,124	- 815	9	13
<b>Total</b>	<b>- 19,431</b>	<b>- 18,116</b>	<b>585</b>	<b>702</b>

	Net					
	in Segment		Consolidation adjustments		in Group <sup>*)</sup>	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Benefits paid	- 11,821	- 11,809	- 457	- 486	- 12,278	- 12,295
Change in reserves						
Aggregate policy reserves	- 3,211	- 4,026	- 119	- 84	- 3,330	- 4,110
Other	- 116	- 216	- 7	9	- 123	- 207
<b>Subtotal</b>	<b>- 15,148</b>	<b>- 16,051</b>	<b>- 583</b>	<b>- 561</b>	<b>- 15,731</b>	<b>- 16,612</b>
Expenses of premium refunds	- 3,114	- 762	- 1	- 41	- 3,115	- 803
<b>Total</b>	<b>- 18,262</b>	<b>-16,813</b>	<b>- 584</b>	<b>- 602</b>	<b>- 18,846</b>	<b>- 17,415</b>

## 19 Interest and similar expenses

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Interest expenses for		
deposits	- 1,637	- 2,055
certificated liabilities	- 912	- 1,377
<b>Subtotal</b>	<b>- 2,549</b>	<b>- 3,432</b>
Other interest expenses	- 1,493	- 1,516
<b>Total</b>	<b>- 4,042</b>	<b>- 4,948</b>

<sup>\*)</sup> After eliminating intra-Group transactions between segments

## 20 Other expenses for investments

	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn
Realized losses on		
securities held-to-maturity	– 1	– 1
securities available-for-sale	– 1,028	– 4,035
real estate used by third parties	– 42	– 31
other investments	–	– 3
<b>Subtotal</b>	– 1,071	– 4,070
Depreciation and write-downs on		
investments:		
securities held-to-maturity (impairment write-downs)	– 3	– 15
securities available-for-sale (impairment write-downs)	– 336	– 3,382
real estate used by third parties		
amortization	– 173	– 199
impairment write-downs	– 547	– 11
other investments	–	–
<b>Subtotal</b>	– 1,059	– 3,607
<b>Expenses</b>	– 2,130	– 7,677

## 21 Loan loss provisions

	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn
Additions to allowances including		
direct write-offs	– 1,039	– 1,525
Less amounts released	664	752
Less recoveries on loans previously		
impaired	102	53
<b>Loan loss provisions</b>	– 273	– 720

## 22 Acquisition costs and administrative expenses

Acquisition costs and administrative expenses in Property/Casualty include the following:

	in Segment		Consolidation adjustments		in Group <sup>*)</sup>	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Acquisition costs						
Payments	- 5,344	- 5,021	-	3	- 5,344	- 5,018
Change in deferred acquisition costs	151	212	4	- 34	155	178
<b>Subtotal</b>	<b>- 5,193</b>	<b>- 4,809</b>	<b>4</b>	<b>- 31</b>	<b>- 5,189</b>	<b>- 4,840</b>
Administrative expenses	- 2,637	- 2,922	60	60	- 2,577	- 2,862
<b>Underwriting costs (gross)</b>	<b>- 7,830</b>	<b>- 7,731</b>	<b>64</b>	<b>29</b>	<b>- 7,766</b>	<b>- 7,702</b>
Less commissions and profit-sharing received on reinsurance business ceded	631	653	- 2	- 2	629	651
<b>Underwriting costs (net)</b>	<b>- 7,199</b>	<b>- 7,078</b>	<b>62</b>	<b>27</b>	<b>- 7,137</b>	<b>- 7,051</b>
Expenses for management of investments	- 309	- 332	15	13	- 294	- 319
<b>Acquisition costs and administrative expenses</b>	<b>- 7,508</b>	<b>- 7,410</b>	<b>77</b>	<b>40</b>	<b>- 7,431</b>	<b>- 7,370</b>

Acquisition costs and administrative expenses in Life/Health include the following:

	in Segment		Consolidation adjustments		in Group <sup>*)</sup>	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Acquisition costs						
Payments	- 2,879	- 2,694	-	3	- 2,879	- 2,691
Change in deferred acquisition costs	728	1,275	-	-	728	1,275
<b>Subtotal</b>	<b>- 2,151</b>	<b>- 1,419</b>	<b>-</b>	<b>3</b>	<b>- 2,151</b>	<b>- 1,416</b>
Administrative expenses	- 941	- 948	2	1	- 939	- 947
<b>Underwriting costs (gross)</b>	<b>- 3,092</b>	<b>- 2,367</b>	<b>2</b>	<b>4</b>	<b>- 3,090</b>	<b>- 2,363</b>
Less commissions and profit-sharing received on reinsurance business ceded	192	131	- 64	- 27	128	104
<b>Underwriting costs (net)</b>	<b>- 2,900</b>	<b>- 2,236</b>	<b>- 62</b>	<b>- 23</b>	<b>- 2,962</b>	<b>- 2,259</b>
Expenses for management of investments	- 342	- 374	87	71	- 255	- 303
<b>Acquisition costs and administrative expenses</b>	<b>- 3,242</b>	<b>- 2,610</b>	<b>25</b>	<b>48</b>	<b>- 3,217</b>	<b>- 2,562</b>

<sup>\*)</sup> After eliminating intra-Group transactions between segments

Acquisition costs and administrative expenses in Banking Business include the following:

	in Segment		Consolidation adjustments		in Group <sup>a)</sup>	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Personnel costs	– 2,489	– 2,763	–	– 5	– 2,489	– 2,768
Operating costs	– 1,621	– 1,824	48	28	– 1,573	– 1,796
Fee and commission costs	– 336	– 354	24	60	– 312	– 294
<b>Acquisition costs and administrative expenses</b>	<b>– 4,446</b>	<b>– 4,941</b>	<b>72</b>	<b>83</b>	<b>– 4,374</b>	<b>– 4,858</b>

Acquisition costs and administrative expenses in Asset Management include the following:

	in Segment		Consolidation adjustments		in Group <sup>a)</sup>	
	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Personnel costs	– 872	– 849	–	– 57	– 872	– 906
Operating costs	– 221	– 247	8	5	– 213	– 242
Fee and commission costs	– 680	– 599	218	236	– 462	– 363
<b>Acquisition costs and administrative expenses</b>	<b>– 1,773</b>	<b>– 1,695</b>	<b>226</b>	<b>184</b>	<b>– 1,547</b>	<b>– 1,511</b>

Acquisition costs and administrative expenses in insurance business include the personnel and operating expenses of the insurance business allocated to the functional areas "Acquisition of insurance policies", "Administration of insurance policies" and "Asset management". Other personnel and operating expenses are reported under Insurance benefits (claims settlement expenses) and other expenses.

In Banking, all personnel and operating expenses are reported under "Acquisition costs and administrative expenses".

<sup>a)</sup> After eliminating intra-Group transactions between segments

## 23 Other expenses

Other expenses are comprised of the following:

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Overhead expenses	– 657	– 586
Integration expenses/restructuring expenses	– 133	– 363
Expenses for increasing miscellaneous or accrued liabilities	– 243	– 328
Foreign currency losses	– 258	– 483
Expenses for services received under service agreements	– 511	– 433
Fees	– 141	– 102
Expenses resulting from reinsurance business	– 261	– 280
Amortization of other intangible assets	– 92	– 212
Amortization of tangible assets	– 129	– 92
Direct credits to aggregate policy reserves	– 59	– 103
Amortization of capitalized loyalty bonuses to senior management of the PIMCO Group	– 95	– 104
Fire protection tax	– 92	– 92
Interest on accumulated policyholder dividends	– 78	– 82
Expenses for assistance to victims under joint and several liability and road casualties	– 77	– 73
Other	– 635	– 1,117
<b>Total</b>	<b>– 3,461</b>	<b>– 4,450</b>

## 24 Taxes

The tax charge shown in the income statement comprises the taxes actually charged to individual Group enterprises and changes in deferred tax assets and liabilities.

	1/1-9/30/2004 € mn	1/1-9/30/2003 € mn
Current taxes	– 1,027	– 826
Deferred taxes	– 186	1,514
<b>Subtotal</b>	<b>– 1,213</b>	<b>688</b>
Other taxes	– 28	– 35
<b>Total</b>	<b>– 1,241</b>	<b>653</b>

## OTHER INFORMATION

### 25 Other information

#### Number of employees

The Group had a total of 164,902 (173,750) employees as of the balance sheet date. 77,283 (82,245) of these were employed in Germany and 87,619 (91,505) in other countries. The number of employees undergoing training decreased by 745 to 5,318.

#### Personnel expenses

	1/1–9/30/2004 € mn	1/1–9/30/2003 € mn
Salaries and wages	6,404	6,388
Social security contributions and employee assistance	1,050	1,128
Expenses for pensions and other post-retirement benefits	445	501
<b>Total</b>	<b>7,899</b>	<b>8,017</b>

#### Hedge accounting

Fair Value Hedging is mainly applied in the Allianz Group. Derivatives used for fair value hedges show a negative fair value of € 150 (64) mn. Ineffectiveness resulted in a loss of € 3 (12) mn.

Additionally, cash flow hedges were used to hedge variable cash-flows exposed to interest rate fluctuations. The swaps utilized had a negative fair value of € 7 (50) mn; other reserves decreased by € 4 (30) mn. Ineffectiveness amounted to € 0 (- 2) mn.

#### Earnings per share

The earnings per share figure is calculated by dividing the consolidated net income for the period under review by the weighted average number of common shares outstanding.

	9/30/2004	9/30/2003
Net income for the period	€ mn	1,828
Weighted average number of shares		366,792,461
Number of shares (not including shares held by the company)		366,792,461
Earnings per share	€	4.98
Earnings per share after elimination of amortization of goodwill	€	7.40
Diluted earnings per share	€	4.97 <sup>2)</sup>
Diluted earnings per share after elimination of amortization of goodwill	€	7.38 <sup>2)</sup>
		4.95 <sup>1)</sup>

<sup>1)</sup> Adjusted for retroactive impairment adjustment

<sup>2)</sup> Incl. outstanding participation certificates

The weighted average number of shares does not include 17,926,289 (18,934,848) shares held by the company.

Munich, November 11, 2004

Allianz Aktiengesellschaft

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