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Allianz Global Corporate & Specialty issues the first cat bond ever to cover floods

Allianz Global Corporate & Specialty has successfully closed an innovative catastrophe bond (“cat bond”) to transfer the risk of severe river floods in Great Britain and earthquakes in Canada and the US excluding California in an amount of \$150 million. Part of a \$1 billion program, this is the first note issued by Blue Wings Ltd., a special purpose vehicle launched for the benefit of Allianz Global Corporate & Specialty.

The securities are issued by Blue Wings Ltd., a Cayman Island-based company, for the benefit of Allianz Group through its corporate insurance arm, Allianz Global Corporate & Specialty. The transaction is fronted by Swiss Re, which also acted as arranger and lead manager. The securities offer bondholders a return of 3.15% over LIBOR, have a Standard & Poor’s rating of BB+, and the insurance risk, modeled by Risk Management Solutions (RMS), is 0.54% per annum. The cover is fully collateralized with minimal credit exposure.

“We are thrilled to launch this tranche, the first part of a \$1 billion program that can be expanded to cover other risks,” said Axel Theis, CEO at Allianz Global Corporate & Specialty. “This is a flexible tool and an important step in risk transfer mechanisms of the future enabling us to manage and optimize our exposure to catastrophic events.”

This cat bond holds two risks: first, earthquake in Canada and the US excluding California, using a “modeled loss” trigger and second, river flood in Great Britain using a second-generation parametric index trigger, the innovative part of the project.

The index for flood is based on flood levels that will be calculated in more than fifty locations across Great Britain and was developed with the technology of RMS. As part of the post-event process, Halcrow Group, a British engineering company, will provide the information necessary for the index calculation, the ultimate value of which will determine whether or not investors are losing part of their investment. “For river flood we have developed a robust index which has been welcomed by investors as it provides a transparent and objective mechanism. It enables us to limit the basis risk without restricting our portfolio,” explains Amer Ahmed, CRO at Allianz Global Corporate & Specialty.

The reception of the bond in the market was excellent and the notes were subject to strong demand. It is the stated aim of Allianz Global Corporate & Specialty and the Allianz Group to strengthen their expertise in this area and bring it closer to clients over the medium and long term.

About Allianz Global Corporate & Specialty

Allianz Global Corporate & Specialty was founded in 2006. With a turnover last year of some €3 billion, it is one of the world's leading insurers for corporate and specialty clients, providing unique end-to-end risk solutions with its strong industry expertise and knowledge. Behind the carrier stands the strength of Allianz Group, the global financial services group with operations in over 70 countries.

These assessments are, as always, subject to the disclaimer provided below.

No offer

All the securities referred to herein having been sold, this announcement is a matter of record only. The notes referred to herein have not been and will not be registered under the securities laws of any jurisdiction, and any offer or sale thereof may only be made in a transaction exempt from registration.

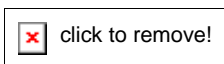
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First cat bond ever to cover floods

Allianz Global Corporate & Specialty has closed an innovative catastrophe bond ("cat bond") to transfer the risk of severe floods and earthquakes.

Allianz Global Corporate & Specialty

Munich, Apr 10, 2007



The new cat bond transfers flood and earthquake risks

Allianz Global Corporate & Specialty has successfully closed an innovative catastrophe bond ("cat bond") to transfer the risk of severe river floods in Great Britain and earthquakes in Canada and the US excluding California in an amount of 150 million US dollars. Part of a one billion dollar program, this is the first note issued by Blue Wings Ltd., a special purpose vehicle launched for the benefit of

Allianz Global Corporate & Specialty.

The securities are issued by Blue Wings Ltd., a Cayman Island-based company, for the benefit of Allianz Group through its corporate insurance arm, Allianz Global Corporate & Specialty. The transaction is fronted by Swiss Re, which also acted as arranger and lead manager.

The securities offer bondholders a return of 3.15 percent over LIBOR, have a Standard & Poor's rating of BB+, and the insurance risk, modeled by Risk Management Solutions (RMS), is 0.54 percent per annum. The cover is fully collateralized with minimal credit exposure.



Axel Theis

Risk transfer mechanisms of the future

"We are thrilled to launch this tranche, the first part of a one billion dollar program that can be expanded to cover other risks," said Axel Theis, CEO at Allianz Global Corporate & Specialty.

"This is a flexible tool and an important step in risk transfer mechanisms of the future enabling us to manage and optimize our exposure to catastrophic events."

This cat bond holds two risks: first, earthquake in Canada and the US excluding California, using a "modeled loss" trigger and second, river flood in Great Britain using a second-generation parametric index trigger, the innovative part of the project.

Robust index for river flood

The index for flood is based on flood depths that will be calculated in more than fifty

locations across Great Britain and was developed with the technology of RMS. As part of the post-event process, Halcrow Group, a British engineering company, will provide the information necessary for the index calculation, the ultimate value of which will determine whether or not investors are losing part of their investment.

"For river flood we have developed a robust index which has been welcomed by investors as it provides a transparent and objective mechanism. It enables us to limit the basis risk without restricting our portfolio," explained Amer Ahmed, Chief Risk Officer at Allianz Global Corporate & Specialty.

Strong demand

The reception of the bond in the market was excellent and the notes were subject to strong demand. It is the stated aim of Allianz Global Corporate & Specialty and the Allianz Group to strengthen their expertise in this area and bring it closer to clients over the medium and long term.

Allianz Global Corporate & Specialty

Allianz Global Corporate & Specialty was founded in 2006. With a turnover last year of some three billion euros, it is one of the world's leading insurers for corporate and specialty clients, providing unique end-to-end risk solutions with its unequalled industry expertise and knowledge.

What is a cat bond?

Catastrophe bonds (also known as cat bonds) are risk-linked securities that transfer a specified set of natural catastrophe risks from the issuer, such as Allianz Global Corporate & Specialty, to the investors.

The investor subscribes for shares in a special purpose entity such as Blue Wings Ltd. If a defined natural catastrophe does not occur, he receives a return that includes a premium for the risk in addition to the principal on its maturity date.

But if the pre-defined event occurs and triggers the cat bond, then the principal initially paid by the investors is forgiven, and is instead used by the sponsor to pay their claims to policyholders.

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No offer

All the securities referred to herein having been sold, this announcement is a matter of record only. The notes referred to herein have not been and will not be

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For further information

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Jay Ralph will become the new CEO of Allianz Re

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Client focus drives Allianz Global Corporate & Specialty

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Swiss Re Places \$150 Million In Securitizations For Allianz -2-

Edited Press Release

The securities cover flood and earthquake catastrophic events in Great Britain, Canada and the United States.

Swiss Re structured and placed the securitization for Allianz Global Corporate & Specialty AG and acted as the sole bookrunner for the initial offering of \$150 million.

The multiperil issuance is part of a \$1 billion programme, which provides protection against high severity losses incurred from earthquakes in Canada or the United States, not including California, and river floods in Great Britain. This offering of notes by Blue Wings Ltd., closed on 3 April 2007.

Blue Wings is the first insurance linked securities programme to provide cover against flood. In case of a natural catastrophic event of the perils defined, the programme would pay a claim based on pre-defined parameters and calculated by the risk modelling company Risk Management Solutions.

The loss caused by an earthquake in Canada or the United States will be based on a modeled loss of a notional portfolio of exposures. If in an earthquake event, the notional modeled loss amount exceeds pre-defined attachment points, the noteholders will experience a reduction of their principal.

To calculate river floods there are at least 50 reference locations across Great Britain at which flood depth is measured. For an event to trigger the bonds, river segments connected with at least four reference locations must be on severe flood warning by the UK Environmental Agency.

Details of the notes placed in the initial offering are: Class A; \$150 million in size; Rating BB+; expected maturity Jan. 10, 2012; and coupon Libor +315 b.p. p.a.

The transaction attracted considerable investor demand, was over-subscribed, and met by strong interest from a wide variety of investors including, dedicated ILS Funds, Hedge Funds and Money Managers.

All these securities have been sold. This announcement is a matter of record only. The notes referred to herein have not been and will not be registered under the securities laws of any jurisdiction, and any offer or sale thereof may only be made in a transaction exempt from registration.

Company Web site: <http://www.swissre.com>


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RMS Performs Analysis for First Great Britain River Flood Securitization

\$150 Million Series Issued for Blue Wings Ltd, a \$1 Billion Program

Newark, Calif. – April 10, 2007 – Risk Management Solutions (RMS), the world's leading provider of products and services for the management of catastrophe risk, has designed the trigger mechanisms and performed the risk analysis for the first securitization of river flood risk in Great Britain. Also covering North America earthquake risk, the securities were issued by Blue Wings Ltd, a Cayman Islands SPV, providing \$150 million of collateralized cover for Allianz Global Corporate & Specialty AG, the corporate arm of the Allianz insurance group, for four years and nine months, as part of a \$1 billion program, structured and placed by Swiss Re.

"We have been excited about working with Allianz to create a parametric flood trigger tailored to their portfolio and risk transfer needs," said Peter Nakada, managing director of RMS Consulting. "We believe that more granular parametric indices will benefit both investors and issuers – helping to catalyze further growth in the catastrophe bond market."

Blue Wings Ltd is a multi-peril deal, comprising earthquake and river flood risk. The securitization covers North America earthquake risk in Canada and all of the United States excluding California, using a modeled-loss trigger. Flood risk driven by precipitation in Great Britain is also covered, and is a key innovation in the transaction, as Blue Wings Ltd is the first securitization of Great Britain river flood risk. The flood solution, researched and designed by RMS Consulting, uses a parametric trigger of flood depths as measured after the occurrence of a significant flood event, at a strategically-selected set of reference locations.

"The involvement of RMS in this project was key, particularly in some critical phases where they provided the innovation we needed to build a robust index that ultimately investors appreciated," said Marc Hannebert, project manager at Allianz Global Corporate & Specialty.

Blue Wings Ltd was assigned a "BB+" senior secured debt rating by Standard & Poor's, and is priced very competitively at a time when diversifying issuances are sought more than ever by investors.

"This new and innovative transaction marks an important step for the market, with risk based on new perils such as flood being securitized," said Fathia Grandjean, director of the Continental Europe Industry Practice at RMS. "Prior to this transaction, RMS designed the first solutions for a number of new perils, including the first ever Europe wind transaction, weather risk, and terrorism risk securitizations. The Blue Wings Ltd deal is the latest step in our commitment to providing innovative solutions for the capital markets."

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