

FROM THE DESK OF

Gary C. Bhojwani President and CEO



Dear Allianz FMOs and financial professionals:

As you may know, today the SEC has adopted a modified version of Rule 151A, which classifies most, if not all, fixed index annuities (FIAs) as securities. A few notable changes from the SEC's original Proposed Rule:

- The Rule now clearly does not apply to traditional fixed annuities.
- The effective date changed from January 2010 to January 2011.

Make no mistake, Allianz disagrees with this decision and firmly believes that FIAs are insurance products. Because the Rule does not become effective for two years, Allianz will have the opportunity to work with the SEC and the industry to propose alternatives to the Rule that was adopted. We will address our concerns relative to the product definition with the SEC. If necessary, we will pursue legal recourse.

The issue of sales practices is not new for our industry. For years, Allianz has stood apart from the competition, taking seriously our commitment to consumer safeguards and suitability. Over the past several years, we have implemented meaningful national enhancements to our business practices that go beyond regulatory requirements. We encourage the industry to work together to implement uniform consumer-friendly sales practices nationwide.

Next steps

For now, it's business as usual. Assuming no changes, the Rule only applies to FIA sales after January 2011.

We will continue to update you over the coming weeks and months. We stand prepared to support you with the tools and resources you need to do business with Allianz now and in the future. For example many of you attended our "Securities 101" educational forums in 2008 and we will continue to offer these in 2009. Registration details will be coming soon.

Thank you for your continued support, and for your business.

Gary C. Bhojwani
President and CEO
Allianz Life Insurance Company of North America

