



MasterDex 5[®] Annuity

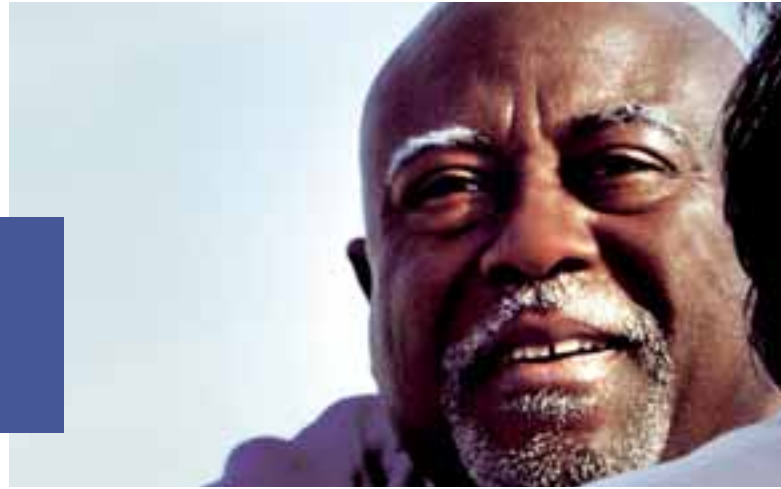
Master the opportunities

A fixed index annuity with monthly “point-to-point” crediting and a premium bonus

Allianz Life Insurance Company of North America



Discover the MasterDex 5[®] Annuity
from Allianz



A fixed index annuity from Allianz can be a valuable asset.

A prudent wealth management plan shouldn't rely solely on future Social Security to pay for an individual's retirement years. One way to accumulate additional assets for retirement income is an annuity.

The money in an annuity has the potential to create an additional source of retirement income that can supplement Social Security. Assets placed in an annuity can even provide a variety of income streams. This is one reason many individuals use annuities to help them achieve their long-term financial goals, including retirement income.

Here's how an annuity works.

An annuity is a contract between a contract owner and a life insurance company. The annuity's value is backed by the financial strength and claims-paying ability of the issuing insurance company.

As contract owner, you pay premium to the insurance company. In exchange for your premium, the insurance company

promises to make payments to you at some point in the future. You may also receive the benefits listed on the following page.

You should not buy an annuity for short-term purposes. You generally have to keep your premium in the annuity for a specified period of time to avoid the assessment of penalties, such as surrender charges.



Annuities offer important benefits.

Potential growth during the annuity's accumulation phase: During this initial phase, an annuity can be an ideal vehicle to help you accumulate money for your retirement.

Income for life and other options during the retirement income phase: When you are ready to start taking income, the annuity offers you a range of payout options. Some options may offer an immediate, single payment. Others may include income payments scheduled over a specific period of time, including your entire lifetime.

Tax deferral that can help your money grow: The money in your annuity can grow tax-deferred. This means you don't have to pay taxes on your annuity's growth until you begin to withdraw money from the annuity. The power of tax deferral, compounded over the life of your annuity's accumulation phase, may have a positive impact on the value your annuity generates for your retirement. Any distribution may be subject to ordinary income taxes and, if taken prior to age 59½, to a 10% federal tax penalty.

Death benefit protection for your beneficiaries: As we noted earlier, annuities are life insurance products. So it's only natural that they can give you reassurance, knowing your beneficiaries are protected if you pass away.

Fixed index annuities are different.

A fixed index annuity earns interest based on changes in an external index. This is different from traditional annuities, which credit interest calculated at a fixed rate set in the contract. The selected index varies from day to day and is not predictable. When you buy a fixed index annuity you own an insurance contract – you are not buying shares of any stock or index.

Many fixed index annuities also permit contract owners to allocate premium to a traditional fixed interest option, where interest is credited at a fixed rate of interest not based on any external index. The value of a fixed index annuity will not drop below a guaranteed minimum specified in the contract. This means that if you take money out of the contract or die, you (or your beneficiaries) are guaranteed to receive at least a minimum value.

To summarize, a fixed index annuity offers contract owners:

- The potential for growth by basing interest earned on the performance of an index or indexes (Interest earned on a fixed index annuity could be less than the interest earned in a traditional fixed annuity.)
- A guaranteed minimum value

Discover the MasterDex 5 Annuity from Allianz.

MasterDex 5 can offer you safety while it helps you reach your financial goals. With MasterDex 5:

- You earn a 5% bonus on premium received for five years.¹
- Each year, you may receive indexed interest based on monthly changes of a market index, subject to a monthly cap.
- After just 10 years you can take your annuity's full value.²
- Any indexed interest is locked in once a year, eliminating risk due to market index losses.²

¹ Bonus annuities may include higher surrender charges, longer surrender charge periods, lower caps, or other restrictions that are not included in similar annuities that don't offer a premium bonus feature.

² During the first 10 contract years, we will apply a surrender charge and market value adjustment if you partially or fully surrender your contract. The same would apply if you begin annuitization, which means taking income payments, prior to the sixth contract year (or for fewer than 10 years). Any amounts withdrawn may be subject to ordinary income taxes and, if taken prior to age 59½, to a 10% IRS penalty. These charges and taxes may result in a loss of bonus, indexed interest and fixed interest, and a partial loss of principal.



Safety

MasterDex 5 locks in any annual indexed interest automatically.²

If indexed interest is credited to your annuity's values, it can never be lost due to market index volatility.

MasterDex 5 protects your principal and 5% bonus from index losses.²

Your principal and bonus are never subject to market index risk. A downturn in the market index(es) cannot have a negative impact on your contract values. We guarantee it.

Growth

MasterDex 5 lets you benefit when the market index is heading up.

When the market is headed up, the value of your MasterDex 5 can also increase. That's because at the end of each year, you get full 100% participation in potential monthly gains subject, however, to an established maximum, or monthly cap.

MasterDex 5 has a real difference. This sums it up.

The MasterDex 5 tracks point-to-point monthly changes (subject to a monthly cap) in the market index(es). Once a year, those 12 months' values are automatically added up and credited if positive. The sum helps determine the current value of your annuity.

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Control

If you need cash, MasterDex 5 gives you access.²

Beginning 12 months after your last premium is received, you may annually withdraw up to 10% of your total premiums paid – without a surrender charge or market value adjustment – until 50% of your total premium has been withdrawn.

After 10 years it's your choice: take the money, or stay.²

Anytime after your 10th contract year, you can walk away with your annuity's full value (minus any loans or withdrawals). Of course, you can leave your money in the annuity so it continues to benefit from potential indexed interest.

Safety Growth Control

MasterDex 5 tracks market index changes, then puts it all together. Here's how.

With MasterDex 5, the value of your annuity is based on the monthly point-to-point fluctuations of two of America's most recognized stock indexes: the S&P 500 and the Nasdaq-100.®

MasterDex 5 Annuity basics

The MasterDex 5 Annuity is a monthly point-to-point fixed index annuity that offers a 5% premium bonus, retirement income and a choice of fixed interest and/or indexed interest based on changes in the S&P 500 and Nasdaq-100 indexes.

You can get all the benefits offered by the MasterDex 5 with an initial premium amount of \$10,000 or more. You can add money at any time during the first five contract years and receive a 5% bonus on it. Additional premium payments made during a contract year, and any bonus, are credited to your contract's interim interest account until the following contract anniversary, at which time you can decide how they should be allocated.

Interest crediting calculations

We capture the current value of the market index on the date you purchased your contract, as well as on each contract's "monthiversary." So if your contract is dated the seventh of the month, your monthiversary will be the seventh day of every succeeding month throughout the life of the contract.

Monthly returns are calculated in two steps. First, the change from the previous month's index value to the current month's index value is divided by the previous month's index value. This amount is then multiplied by the participation rate.

In any given month, a positive monthly return may exceed your annuity's stated monthly cap. In that case, the monthly capped return will be used in the indexed interest calculation. We can raise or lower the monthly cap annually but it will never be less than 1.25%.

At the end of each contract year, the monthly capped returns are added together to calculate your indexed interest for that year. If this sum is negative, the indexed interest for that year will be zero.

Although there is a monthly cap on positive monthly returns, there is no established limit on negative monthly returns. This means that a large decrease in one month could negate several monthly increases. Actual indexed interest may be lower (or zero) if the market index declines from one monthiversary to the next, even if the market index experienced an overall gain for the year.

Although an external index may affect your contract values, the contract does not directly participate in any stock or investments. You are not buying any shares of stock or shares of an index. The market index value does not include the dividends paid on the stocks underlying the market index. These dividends are also not reflected in the interest credited to your contract.

Here's a hypothetical illustration showing indexed interest based on 12 months of hypothetical index returns and a 3.00% monthly cap. We establish this monthly cap on every anniversary, and guarantee it for that contract year. We can lower the monthly cap but it can never be less than 1.25%. Figures impacted by the monthly cap are shown in **bold** type. Although you can allocate premium to either index (or both), for simplicity's sake our example will presume all of the annuity's premium has been allocated to a single index.

To find the indexed interest for the year, simply add up the 12 monthly capped returns.

Accumulation value at beginning of contract year: \$105,000		Bonus: 5%	Assumed monthly cap percentage: 3.00%
Month	Hypothetical monthly index return	Monthly cap applied	
1	5.27	+3.00	
2	-2.00	-2.00	
3	2.00	+2.00	
4	-1.20	-1.20	
5	4.61	+3.00	
6	2.50	+2.50	
7	3.87	+3.00	
8	0.25	+0.25	
9	-3.00	-3.00	
10	-4.00	-4.00	
11	4.43	+3.00	
12	2.25	+2.25	
Value at end of contract year: \$114,240		+8.80%	
(The sum of monthly capped returns equals the year's indexed interest.)			
No representation is made of future performance. As a MasterDex 5 contract owner, you do not invest directly in any index. We used a hypothetical 3.00% monthly cap. Using the minimum 1.25% monthly cap the indexed interest for the year would be 0%.			

You can earn fixed interest.

Traditional fixed interest is calculated and credited daily for both the fixed interest allocation and the interim interest account. Interest credit rates are declared annually by Allianz. We can raise or lower interest credit rates annually, but they will never be less than 1.5%.

There are no up-front fees or future sales charges.

There are never any asset fees or up-front sales charges. 100% of your premium is credited to your accumulation value. However, surrender charges and market value adjustments do apply during the first 10 contract years.

Put all your eggs in one basket. Or two. Or three.

When you purchase your MasterDex 5, you can base your annuity's potential growth exclusively on the S&P 500 or the Nasdaq-100. You can also allocate your entire premium to a fixed interest option.

If you wish, however, you can allocate (in 25% increments) among all three options. Now THAT'S control!

Change your mind? No problem!

Shortly after your contract anniversary each year, we'll notify you that you can change your allocations. Changes to your allocations must be submitted in writing. If we receive your changes within 21 days of your contract anniversary, they will be effective during that contract year. Allocation changes received more than 21 days after your contract anniversary won't take effect until your next contract anniversary.

No matter what the market index does – MasterDex 5 gives you:

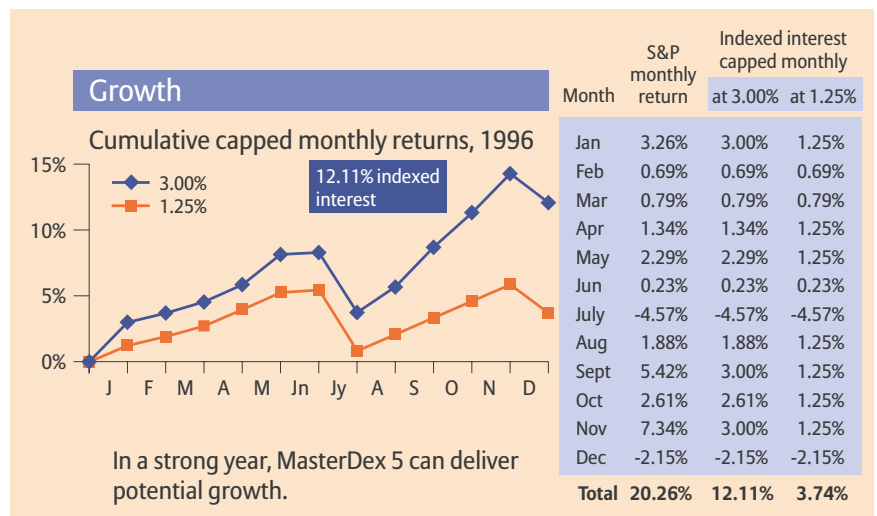
- Potential indexed interest based on a market index
- Protection from market index losses
- All your money (including indexed interest and bonus) after 10 years!

The large chart to the right turns back the clock to show how the MasterDex 5 Annuity might have delivered from 1996 through 2005 if the contract had been offered.

The values shown are based on the following assumptions:

- \$100,000 initial premium and a 5% premium bonus
- 100% participation rate guaranteed for the life of the contract
- Hypothetical 3.00% monthly cap for each year
- Minimum guaranteed 1.25% monthly cap for each year
- Product available since 1996
- 100% allocation to the S&P 500
- The market value adjustment (MVA) is not included in the calculation of the cash surrender value. The MVA may increase or decrease the cash surrender value shown.

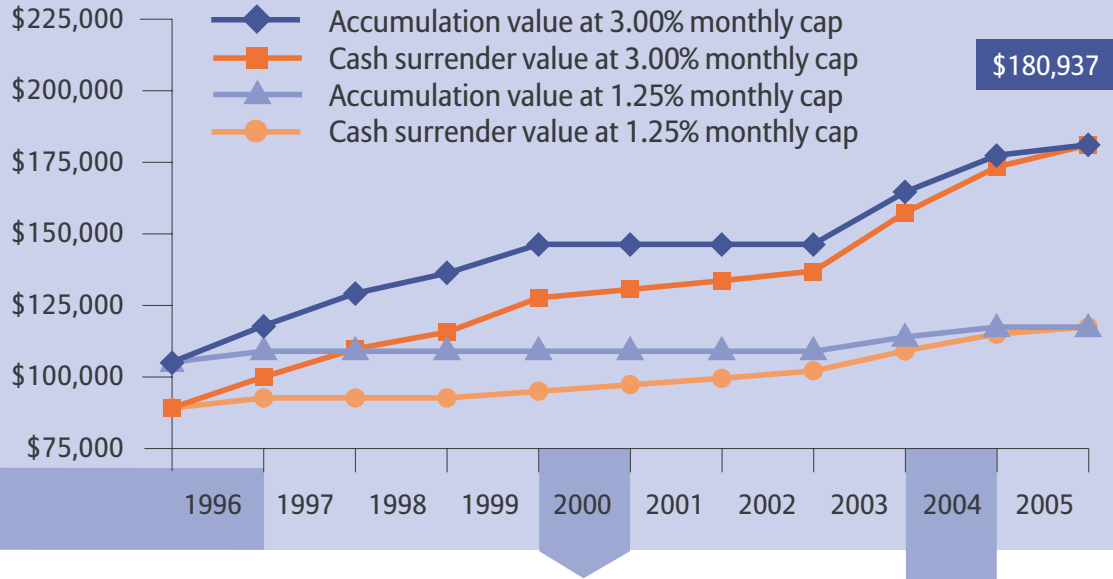
Under these assumptions, had the MasterDex 5 existed, it would have provided an average annual interest rate of 6.11% using the 3.00% monthly cap over the 10-year period shown. Using the minimum 1.25% monthly cap, the average annual interest rate would be 1.62%.



In these three magnified scenarios (Growth, Principal protection, and Performance), we take a closer look at the MasterDex 5 Annuity during three very different years. Note the way month-by-month changes in the market index have an impact on indexed interest.

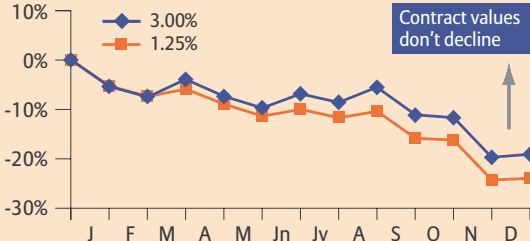
Hypothetical example based on S&P 500 performance from: 1996-2005

Values in this chart are based on S&P 500 performance (without dividends) during the most recent 10-year period. All values are year-end values. Past performance is no guarantee of future results. No representation is made of future performance. You are not buying shares of any stock or index.



Principal protection

Cumulative capped monthly returns, 2000

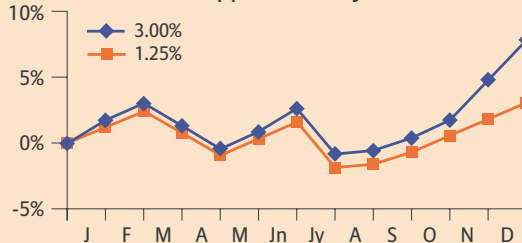


In a negative year, MasterDex 5 locks in previous indexed interest.

Month	S&P monthly return	Indexed interest capped monthly at 3.00%	Indexed interest capped monthly at 1.25%
Jan	-5.09%	-5.09%	-5.09%
Feb	-2.01%	-2.01%	-2.01%
Mar	9.67%	3.00%	1.25%
Apr	-3.08%	-3.08%	-3.08%
May	-2.19%	-2.19%	-2.19%
Jun	2.39%	2.39%	1.25%
July	-1.63%	-1.63%	-1.63%
Aug	6.07%	3.00%	1.25%
Sept	-5.35%	-5.35%	-5.35%
Oct	-0.49%	-0.49%	-0.49%
Nov	-8.01%	-8.01%	-8.01%
Dec	0.41%	0.41%	0.41%
Total	-10.14%	0.00%	0.00%

Performance

Cumulative capped monthly returns, 2004



In an average year, MasterDex 5 can provide indexed interest.

Month	S&P monthly return	Indexed interest capped monthly at 3.00%	Indexed interest capped monthly at 1.25%
Jan	1.73%	1.73%	1.25%
Feb	1.22%	1.22%	1.22%
Mar	-1.64%	-1.64%	-1.64%
Apr	-1.68%	-1.68%	-1.68%
May	1.21%	1.21%	1.21%
Jun	1.80%	1.80%	1.25%
July	-3.43%	-3.43%	-3.43%
Aug	0.23%	0.23%	0.23%
Sept	0.94%	0.94%	0.94%
Oct	1.40%	1.40%	1.25%
Nov	3.86%	3.00%	1.25%
Dec	3.25%	3.00%	1.25%
Total	8.99%	7.78%	3.10%



Choose from a variety of options to receive steady, predictable income from your annuity.

Choose from several annuity payment options.

If you keep your contract in deferral for at least five years, you can choose to receive annuity payments in any of the following ways:

- Interest only – You have the option to receive interest-only annuity payments for five years. Interest will be paid as earned based on the amount of your accumulation value. After five years of interest only payments, you can take your full accumulation value as a lump-sum payment.
 - Installments for a guaranteed period – You can choose to receive annuity payments in equal installments for a period from 10 to 30 years.
- Each installment would consist of part principal and part interest.
- Installments for life – You have the option to receive annuity payments in equal installments for the rest of your life. Payments end upon your death.
 - Installments for life with a guaranteed period – You can choose to receive annuity payments in equal installments for the rest of your life. Upon your death, the balance of the guaranteed period, if any, will be paid to your beneficiary the same way as you previously selected.



- Installments for a selected amount – You may select to receive annuity payments in equal installments of an amount that you choose, as long as the payments last for at least 10 years. Payments continue until your accumulation value is gone.
- Joint and survivor – You can select to have equal installments paid until your death, then continue to be paid to your survivor. In this case, you can select 100%, 2/3, or 1/2 of your payment amount to be paid to your survivor until his/her death.

The payout rate used to determine the income stream depends on the age of your contract and the payout option selected. The guaranteed interest rate in payout is 1%.

MasterDex 5 offers you a death benefit.

The MasterDex 5 Annuity provides a death benefit payable to your named beneficiary. Regardless of whether your beneficiary(ies) select to receive a lump-sum payment, or choose to receive payments over the course of five years (or longer), they will receive the greater of the contract's accumulation value or guaranteed minimum value. The death benefit paid to a properly designated beneficiary (other than the estate) will pass without the costs and delays of probate.

Access your money sooner to help pay for nursing home care.¹

If you, as the contract owner, should enter a nursing home, long term care facility, or hospital for at least 30 days out of a 35-consecutive-day period after the first contract year, you may take an accelerated distribution of your contract's accumulation value over a period as short as five years.

If you don't want your annuity proceeds to be a tax burden for your beneficiary, here's a solution.

The Death Benefit Rider¹ enables your beneficiary to receive a tax-free death benefit up to 28% of taxable gain. It allows you to pass on more of your annuity's value to your beneficiaries and reduces a possible tax obstacle for them. Although the rate at which your beneficiaries will pay income tax at some future date is unknown, the Death Benefit Rider can offset a substantial portion – or all – of the federal income taxes due at the time of your death (state or local taxes may apply). Please note: A Death Benefit Rider charge will apply; benefit only applies to nonqualified contracts where owner/annuitant are the same.

¹ Not available in all states.

MasterDex 5 gives you the freedom to access your money in several ways.

Take free withdrawals.

You can take one free withdrawal of up to 10% of premiums every 12 months – without a surrender charge or market value adjustment – as long as:

- It occurs 12 months after the last premium is received
- No more than one withdrawal is taken within a 12-month period
- Total free withdrawals do not exceed 50% of premiums received

If, within 12 months of a free withdrawal, the contract is surrendered or annuitized, another withdrawal is taken, or additional premium is added, we will retroactively apply a surrender charge and market value adjustment (MVA) to that withdrawal. This could result in a loss of bonus, indexed interest and fixed interest, and a partial loss of principal. Withdrawals will decrease the value of the contract and its death benefit.

A free withdrawal is eligible to receive partial indexed interest at the end of the contract year. Partial indexed interest is based on the annual indexed interest and the amount of time during that year before the free withdrawal was taken.



Schedule Systematic Withdrawal of Credits.

Systematic Withdrawal of Credits allows you to keep your contract in deferral and receive payment of indexed interest. You can select to receive payments after your fifth contract year. Payments will be based on indexed interest applied to your contract after the request is received. You may take this Systematic Withdrawal of Credits without surrender charges and MVA, and your contract continues to benefit from potential indexed interest. To qualify for this option, your contract must be held at least five contract years and still be in deferral. Taking Systematic Withdrawal of Credits will lower the accumulation value and value of death benefits.

Take a contract loan.

A contract loan may be taken for up to 50% of the cash surrender value (maximum of \$50,000). The loan interest rate is 7.4% annually in advance. Loans are not available with IRA, SEP, or some other qualified plans. Unpaid loans will be treated as a partial surrender, which means it is subject to surrender charges and MVA.

Take required minimum distributions.

Required minimum distributions from a tax-qualified plan (IRA, SEP, etc.) will qualify as a free withdrawal if taken annually in December or monthly throughout the year. Contract values and the amount available for free withdrawal will be reduced by the distribution amount withdrawn.

Surrender with lump-sum payout.

Walk away with your annuity’s full accumulation value at any time after 10 contract years. If you partially or fully surrender your contract before the tenth contract anniversary, the amount you receive will be reduced by a surrender charge and an MVA as shown in the charts below. A surrender charge and an MVA will also apply if you annuitize prior to the sixth contract year or if the annuity payments are taken over a period of fewer than 10 years. This could result in loss of indexed interest, fixed interest, bonus, and a partial loss of principal. However, the cash surrender value will never be less than the guaranteed minimum value as described in your contract.

Note: the money you take out may be taxable.

Your contract values grow tax-deferred. However, any distributions from your contract, including free withdrawals, partial withdrawals, loans, Systematic Withdrawal of Credits and required minimum distributions, may be taxable as ordinary income. If you are under age 59½ when a distribution is taken, the IRS may impose an additional 10% penalty tax.

Surrender charge percentages	
Start of contract year	Surrender charge %
1	15.00%
2	15.00%
3	15.00%
4	15.00%
5	12.86%
6	10.71%
7	8.57%
8	6.43%
9	4.29%
10	2.14%
11	0.00%

The surrender charge percentage will start at 15.00% on the date of contract issue. Beginning in contract year four, the surrender charge percentage will decrease by 0.1786% on each monthly anniversary.

A note about the market value adjustment (MVA):

If you partially or fully surrender your MasterDex 5 Annuity, it will be subject to an MVA during the surrender charge period. An MVA will also apply if you annuitize prior to the sixth contract year or if the annuity payments are taken over a period of less than 10 years. An MVA is a calculation used to adjust the value of money withdrawn according to the interest rate environment at the time the withdrawal is taken. The MVA may increase or decrease your contract’s cash surrender value.

In general, if the 10-year US Treasury Constant Maturity Interest Rate at time of withdrawal is:	Then the MVA is:	Resulting in:
Less than when the premium was submitted	Greater than 1	Higher cash surrender value
Equal to when the premium was submitted	Equal to 1	No effect on cash surrender value
Greater than when the premium was submitted	Less than 1	Lower cash surrender value

Is the MasterDex 5 Annuity the right choice for your retirement plans?

The MasterDex 5 Annuity offers a combination of insurance guarantees and benefits. It merits your careful consideration if:

- You would appreciate receiving a bonus to help accumulate money for retirement.
- You wish to receive indexed interest based on potential gains in the S&P 500 or Nasdaq-100.
- You want to protect your principal, bonus, fixed interest, and locked-in indexed interest if the market index declines.
- You want long-term tax-deferral of retirement assets.
- You want flexible income options.
- You want a death benefit for your heirs.

The MasterDex 5 Annuity: a powerful financial tool for principal protection along with potential growth.

Make it part of your retirement portfolio.

The strength of Allianz

Allianz products and guarantees are backed solely by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America, a part of Allianz SE. As one of the world's largest integrated financial services organizations, Allianz SE:

- Has more than 60 million customers in over 70 countries
- Is the largest insurance company and 16th largest corporation in the world based on revenue¹
- Is the world's second largest money manager²

If you're looking for a strong, long-term partner, look to Allianz.

¹ The Forbes Global 2000, *Forbes*, 04/17/2006, Number 8.

² P&I/Watson Wyatt World 500, The world's largest money managers as of 12/31/2005, *Pensions and Investments*, September 4, 2006.

Agent name _____

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**Do you have retirement goals?
Our MasterDex 5[®] Annuity can help get you on your way.**

Talk to your financial professional today.

www.allianzlife.com

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