

10% Bonus PowerDex Elite™ Annuity

Statement of Understanding

Thank you for choosing to purchase the 10% Bonus PowerDex Elite flexible premium deferred annuity. We want to be sure that you are aware of all the benefit features of your policy. Please read the following summary and sign the form to indicate your understanding.

Please note: We have capitalized certain terms to help you easily recognize them as important terms. Please refer to your contract for clarification.

1. The Annuitization Value is the greater of the Current Value or the High Water Value. The Annuitization Value is available if this policy is annuitized any time after the fifth policy year for a period of at least 10 continuous years.
2. The Current Value, at issue, is equal to the initial premium plus any applicable premium bonus. It is increased by any Interim Interest Account additions, any positive index Adjustments, and any interest Adjustments. It is decreased by any partial surrenders, any systematic withdrawal of credit payments, and any negative index Adjustments. Positive index Adjustments may be subject to the Cap and Participation Rate.
3. The High Water Value, at issue, is equal to the initial premium plus any applicable premium bonus. It is increased by any Interim Interest Account additions, any favorable index Adjustments, and any favorable interest Adjustments. It is decreased by any partial surrenders and any systematic withdrawal of credit payments. Any increase in value due to favorable index performance is subject to the Cap and Participation Rate. This value is not decreased by unfavorable index performance.
4. The policy provides a premium bonus which is credited with each premium payment received during the first five policy years. Premium payments, subject to certain premium limitations, may be made any time during the first five policy years. Additional premium paid plus any applicable premium bonus during a policy year will automatically be placed in the Interim Interest Account, until the end of the policy year, where it will earn interest. Interest will be calculated and credited monthly. At the end of the Term, the Interim Interest Account will be allocated to each allocation according to your Premium Allocation Percentages. The Interim Interest Account will then be set equal to zero.
5. The policy contains a provision that gives you choices for allocating the value of your policy. You may allocate the Annuitization Value, in increments of 25%, to achieve gains in response to changes in the S&P 500* Index, and the Nasdaq-100*** and/or to earn interest. You will make your selections on a supplemental application that must be completed and received prior to issuing your policy, and the selections will be applicable for the first Term.
 - At any time, you may submit a request to change your Premium Allocation Percentages. When the Interim Interest Account is allocated at the end of a Term, you have that option to change that allocation by sending us notice within 21 days. If notice is received after 21 days, it will not be effective until the next allocation.
 - At any time, you may submit a request to change your Reallocation Percentages and/or reallocate your Current Value, which will also reallocate your High Water Value. Reallocation will only occur at the beginning of a Term and is not automatic. To be effective for the current Term, you must send us notice within 21 days following the beginning of the Term. If notice is received after 21 days, it will not be effective until the beginning of the next Term.
6. The Adjustment for each index allocation reflects the difference between the initial index value at the beginning of the policy year and the value of the index at the end of the policy year, this method is called point-to-point. The index Adjustment may be subject to the Cap and the Participation Rate. The index Adjustment does not reflect dividends being paid on stocks underlying the index. If the publication of the index is discontinued or the calculation of the index is changed substantially, we will substitute a comparable index upon receiving regulatory approval.
7. The Adjustment for interest allocation reflects the interest earned on the allocated amount. Current interest will be calculated monthly.
8. The Cap determines the maximum positive index Adjustment for each index allocation. The Cap is declared at the beginning of a policy year and is guaranteed for that policy year. After the first policy year, the Cap in subsequent policy years will not be less than the result of the Cap in the previous policy year minus 2%. The Cap will never be less than 5%.
9. The Participation Rate determines the portion of the unadjusted index change used to calculate the index Adjustment. The Participation Rate is guaranteed for the life of the policy.
10. For the purpose of this disclosure, Withdrawals consist of any partial surrender amounts and any systematic withdrawal of credit payments. These terms are described below under Surrenders and Withdrawals.

Cash Value***

1. The Cash Value is equal to 87.5% of premium paid minus any Withdrawals, all accumulated at 1.5% interest, compounded annually. The Cash Value does not receive a premium bonus and does not participate in any indexes. Under no circumstances will the Cash Value be less than the Guaranteed Minimum Value.
2. The Cash Value will be paid if any of the following events occur:
 - a) annuity payments begin prior to the end of the fifth policy year;
 - b) annuity payments are made for less than 10 continuous years; or
 - c) the policy value is requested in one sum.
3. The Guaranteed Minimum Value is equal to 75% of premium paid in the first policy year plus 87.5% of premium paid after the first policy year minus any Withdrawals, all accumulated at 3% interest, compounded annually.

Surrenders and Withdrawals

1. A full surrender of your policy prior to the end of a policy year will result in no index Adjustment for that policy year.
2. Partial surrenders may also be taken from this policy. A Partial Adjustment is calculated at the end of each policy year for any eligible partial surrender. This Partial Adjustment reflects the proportionate period of the policy year in which the amount of the partial surrender remained with this policy. Eligible partial surrenders are all penalty-free partial surrenders.
3. Penalty-free partial surrenders only deduct 87.5% of the partial surrender amount. Penalty-free partial surrenders are available as long as they are taken at least 12 months after the last premium is received, the amount is no more than 5% of premium paid, no more than one withdrawal is taken within a 12-month period, and cumulative withdrawals do not exceed 25% of the premiums paid. If a full or partial surrender is requested, an annuity option is requested, or if additional premium is submitted within 12 months after a penalty-free withdrawal, an additional 12.5% of the prior partial surrender amount will be deducted.
4. Your policy contains a systematic withdrawal of credits benefit that is available after the fifth policy year. If requested, any High Water Credits earned in the previous policy year will be paid to you.

Benefit upon death

- Your policy contains a death benefit payable to the owner's named beneficiary. The death benefit will be equal to the Annuitization Value if the payout is taken over at least five years. Otherwise, the greater of the Cash Value or premium paid minus any Withdrawals will be paid.

Additional benefits

- The **idea**[®] Benefit will increase future annuity payments after any form of lifetime annuity payment has been taken for a period of at least two full years and if the annuitant is disabled under the terms of your policy. The annuity payments must have begun before the annuitant's 85th birthday in order to be eligible for the increased payments.
- The nursing home benefit allows your policy to be paid out over a period as short as five years if the owner is confined to a nursing home, after the first policy anniversary, for at least 30 days (out of a period of 35 consecutive days). The annuity payments will be based on your policy's Annuitization Value.

Tax information

- Annuitization, surrender, loans, or other distributions made prior to age 59½ may be subject to a 10% IRS penalty. Because the Company does not provide legal counsel or tax advice, please consult a financial advisor.

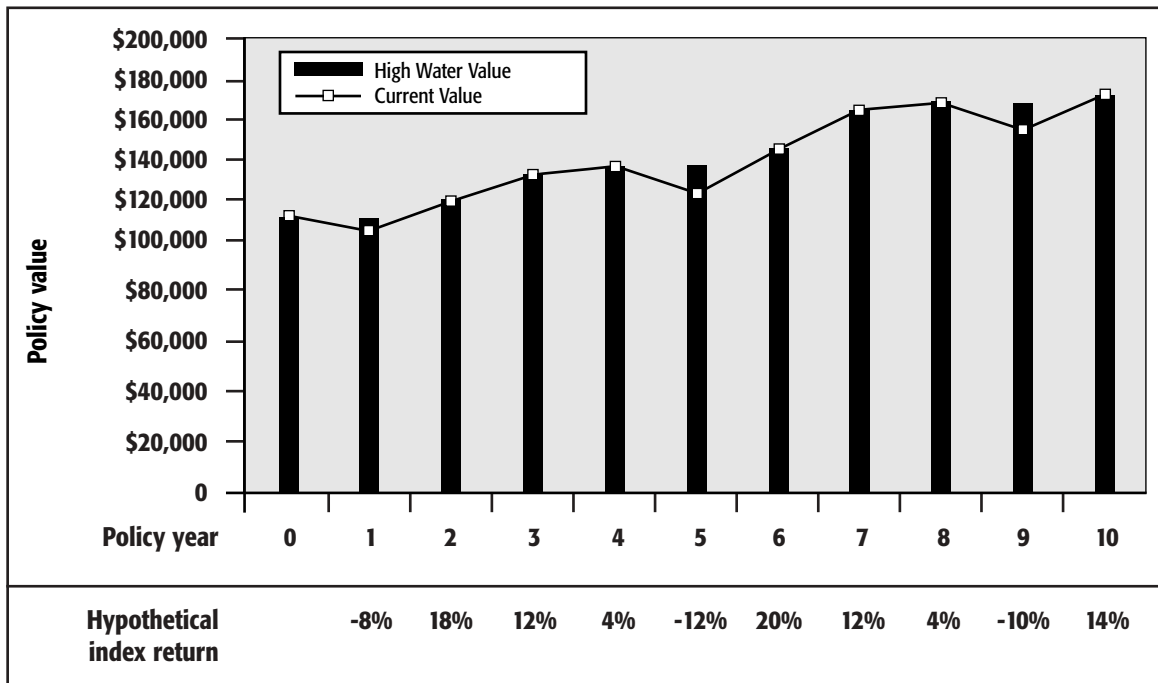
Hypothetical examples

The examples below relate to the Annuitization Value, Current Value, High Water Value, and Cash Value and demonstrate how index Adjustments, Caps, additional premium, and partial surrenders impact these values. All examples assume a Participation Rate of 100%, a Cap of 12% in all years (the Cap will never be less than 5%), and an annual effective interest rate of 2% for the Interim Interest Account.

Table 1

Policy year	Hypothetical index return	Adjustment (index)	Current Value	High Water Value	Annuitization Value	Cash Value
0			\$110,000	\$110,000	\$110,000	\$87,500
1	-8.00%	(\$8,800)	\$101,200	\$110,000	\$110,000	\$88,813
2	18.00%	\$18,216	\$119,416	\$119,416	\$119,416	\$90,145
3	12.00%	\$14,330	\$133,746	\$133,746	\$133,746	\$91,497
4	4.00%	\$5,350	\$139,096	\$139,096	\$139,096	\$92,869
5	-12.00%	(\$16,691)	\$122,404	\$139,096	\$139,096	\$94,262
6	20.00%	\$24,481	\$146,885	\$146,885	\$146,885	\$95,676
7	12.00%	\$17,626	\$164,511	\$164,511	\$164,511	\$97,111
8	4.00%	\$6,580	\$171,092	\$171,092	\$171,092	\$98,568
9	-10.00%	(\$17,109)	\$153,983	\$171,092	\$171,092	\$100,047
10	14.00%	\$21,558	\$175,540	\$175,540	\$175,540	\$101,547

Table 1 (continued)



Partial Surrender example: This example shows how a partial surrender affects policy values.

Assumes a partial surrender of \$10,000 is taken at the beginning of the third policy year. The policy values at the end of the third policy year in Table 1 would be affected as shown in Table 2. The policy values in later policy years would also be affected.

Table 2

Policy year	Hypothetical index return	Adjustment (index)	Current Value	High Water Value	Annuitization Value	Cash Value
3	12.00%	\$12,740	\$118,909	\$118,909	\$118,909	\$81,347

Additional premium example: This example shows how additional premium affects policy values.

Assumes an additional premium of \$10,000 is made at the beginning of the third policy year. The policy values at the end of the third policy year in Table 1 would be affected as shown in Table 3. The policy values in later policy years would also be affected.

Table 3

Policy year	Hypothetical index return	Adjustment (index)	Current Value	High Water Value	Annuitization Value	Cash Value
3	12.00%	\$14,330	\$144,966	\$144,966	\$144,966	\$100,378

I have read the information above. The agent thoroughly explained the information and the examples to me, and has answered any questions I had, and I believe the 10% Bonus PowerDex Elite™ Annuity is suitable for my financial goals. I have also read the 10% Bonus PowerDex Elite Annuity consumer brochure. I understand that any values shown, other than Guaranteed Minimum Values, are not guarantees, promises, or warranties. I understand that I may return my policy within the free look period (shown on the first page of the policy) if I am dissatisfied for any reason.

Owner _____ Date _____

I have presented and provided a signed copy of this disclosure to the owner. I have not made statements that differ from the disclosure form, and no promises or assurances have been made about the future values of the policy.

Agent _____ Date _____

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*** Referred to as Cash Surrender Value in Minnesota.