

# On the road to Ambition 2012

October 18, 2006



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*Be Life Confident*

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# Cautionary statements concerning forward-looking statements

This press release contains “forward-looking statements” which involve risks and uncertainties. These statements include, but are not limited to, statements that are predictions of or indicate future strategy, forecasts, events, trends, plans or objectives (including statements herein with respect to (a) our Ambition 2012 project and the objectives, financial and other, associated with that project, and (b) our proposed acquisition of Winterthur announced on June 14, 2006 and the related synergies associated with that acquisition). Many of the forward-looking statements are derived from operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this presentation. Forward-looking statements used herein include such statements as defined under US federal securities laws.

Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by numerous factors that could cause actual results and our strategy, forecasts, plans and objectives to differ materially from those expressed or implied in the forward looking statements (or from past results). These risks and uncertainties include, without limitation, the risk that the Winterthur acquisition will not be executed and closed in a timely manner; that our and the Winterthur businesses will not be integrated successfully; the costs related to the transaction; inability to obtain, or meet conditions imposed for, required governmental and regulatory approvals and consents; the risk of unforeseen events occurring resulting in certain of our strategies, forecasts, plans and/or objectives becoming unrealistic or unattainable; and the risk of future catastrophic events (including possible future pandemic and/or weather-related catastrophic events and/or terrorist related incidents), economic and market developments, legislative developments, regulatory actions or investigations, as well as litigations and /or other proceedings. We caution you that the foregoing list of factors does not contain all of the material factors that are important in considering the forward-looking statements; please refer to our Annual Report on Form 20-F and Document de Référence for the year ended December 31, 2005, for a description of certain important factors, risks and uncertainties that may affect our business.

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

# Table of contents

Introduction

Henri de Castries

1 : Top line growth at AXA France

2 : Distribution management

François Pierson

3 : Top line growth at AXA Financial

4 : Offer innovation

Kip Condron

5 : Quality of service

6 : Business efficiency

Claude Brunet

7 : Financial optimization

8 : Integration of Winterthur

Denis Duverne

9 : Human resources

Closing remarks

Henri de Castries

## What we said last year

- Ambition 2012 is about becoming “the Preferred Company” for our customers, our employees and our shareholders
- Based on our competitive advantages we set long time growth targets
  - ▶ L&S APE: +5/10% p.a.
  - ▶ P&C revenues: +3/5% p.a.
  - ▶ Asset Management revenues: >10% p.a.
- In order to give an horizon to Ambition 2012, we set aspirational targets we will reach if we successfully leverage our global platform
  - ▶ Revenues: x2
  - ▶ Underlying earnings: x3 } Between 2004 and 2012



We are reporting today on our progress

# Your questions, our answer

- Can AXA grow its earnings at 15% a year?

- ▶ How fast can it grow revenues?
- ▶ What are the key levers for profits to grow faster than revenues?



- The right vision
- The right approach to people
- The right operational model
- The right specific actions

The right vision and the right approach to people,...

Financial Protection

Global Reach

Multidistribution

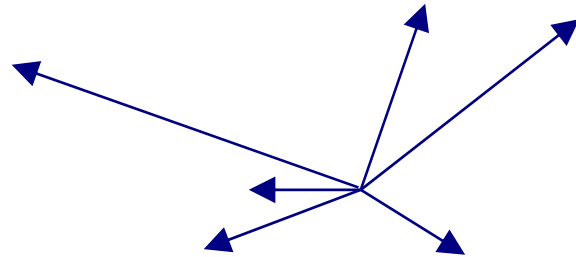
Open Architecture

Customer Service

Select  
& develop executive  
management

Engage  
& develop all  
employees

...the right operational model,...



Optimizing creative tensions within the organization

- ▶ Local / transversal
- ▶ Short term / long term
- ▶ Risk / return

Offer  
Innovation

Sponsor:  
K. Condron

Distribution  
Management

Sponsor:  
F. Pierson

Quality of  
Service

Sponsor:  
C. Brunet

Technical  
Excellence

Sponsor:  
D. Duverne

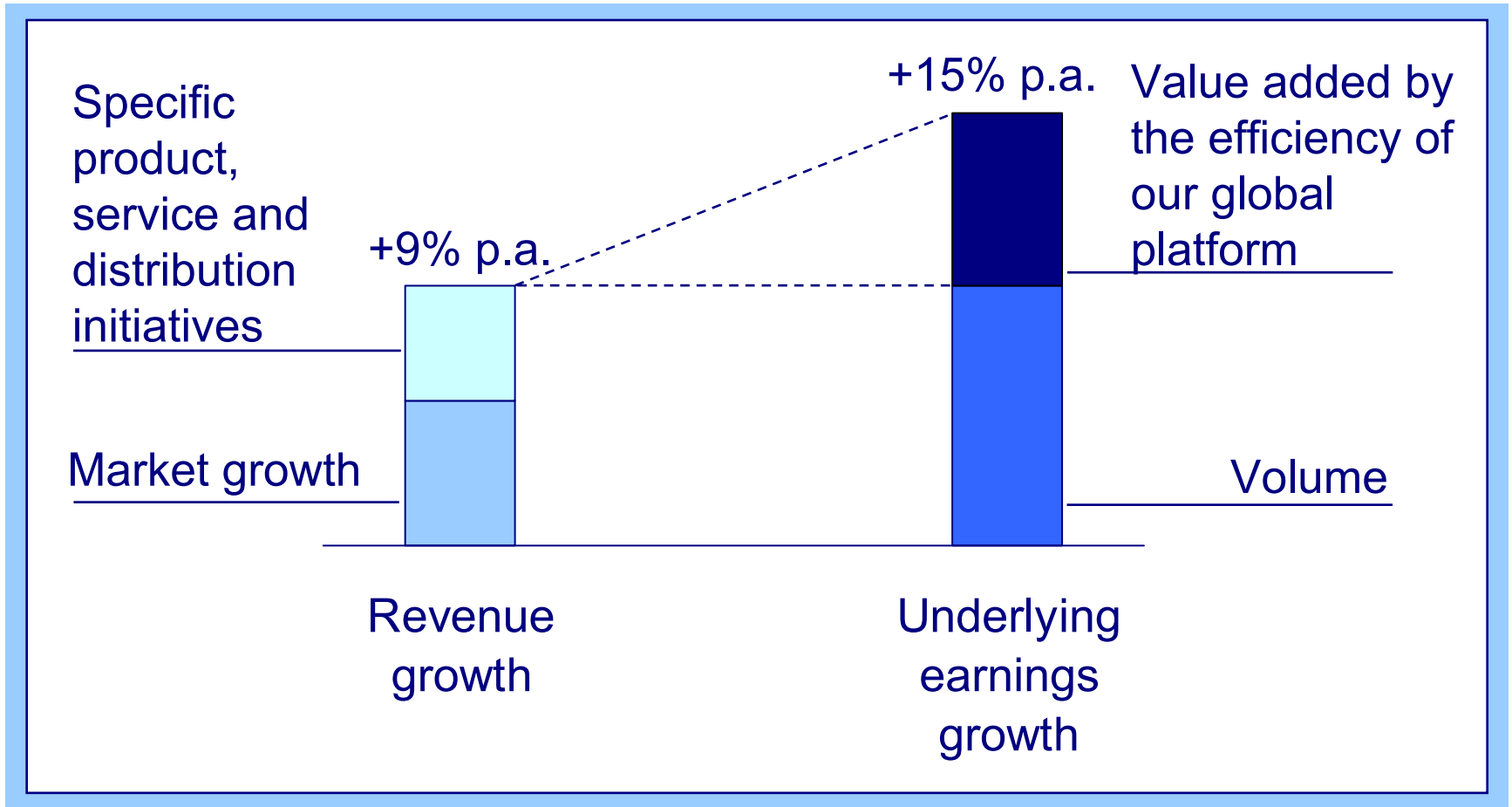
Productivity

Sponsors:  
C. Brunet  
D. Duverne

Leveraging Group Resources and Human Capital

Sponsor: H. de Castries

...and the right specific actions...

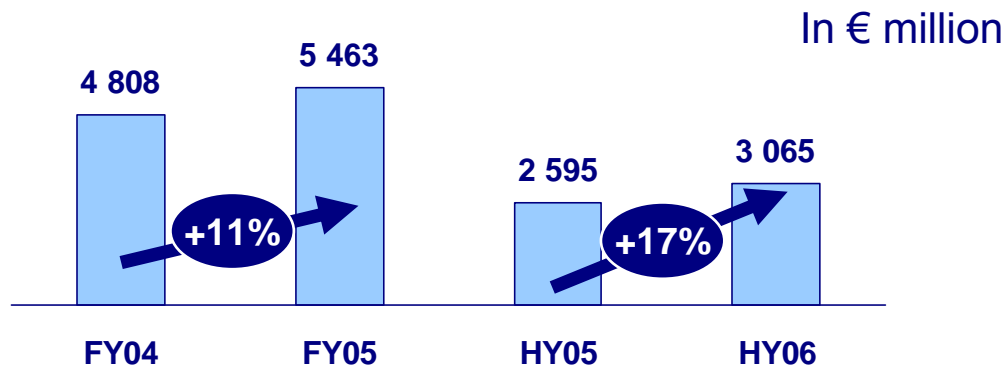


...to achieve Ambition 2012

# The Group has started to deliver on Ambition 2012 top line growth objectives...

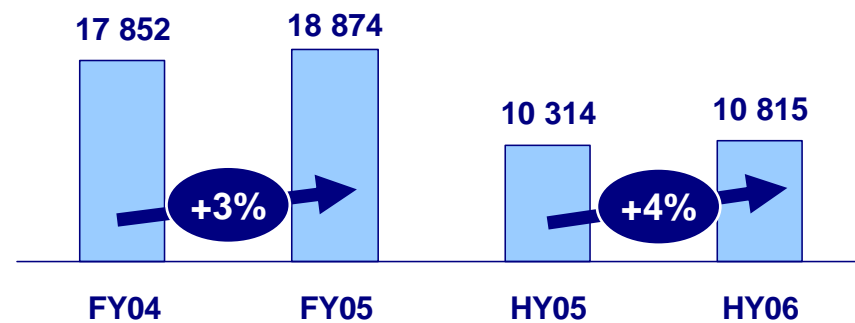
Life & Savings new business APE

LT growth target +5% / +10%



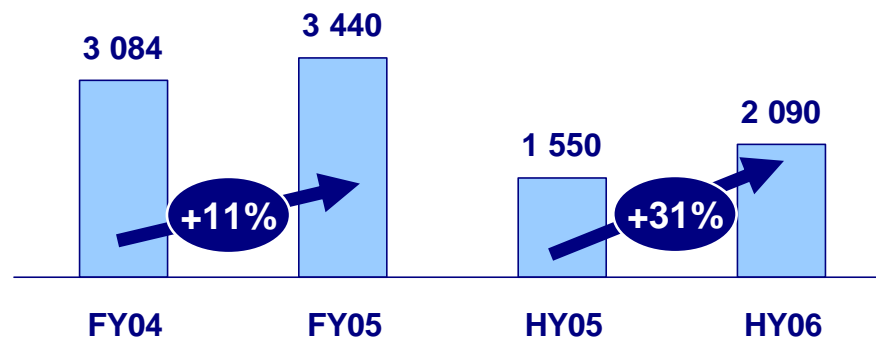
P&C revenues

LT growth target +3% / +5%



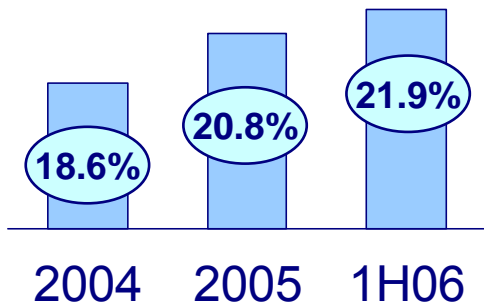
Asset management revenues

LT growth target >10%

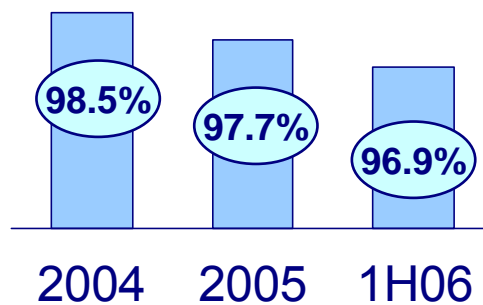


...as well as on bottom line targets

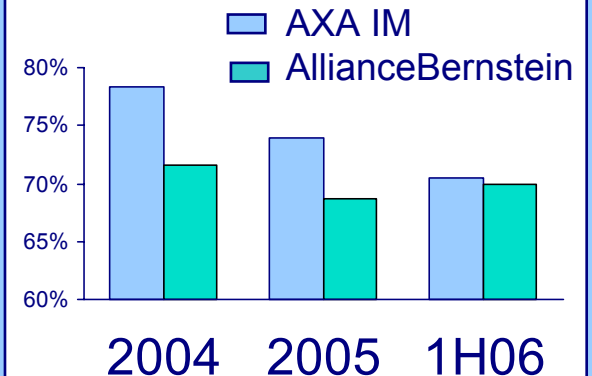
**Life & Savings  
NBV margin**



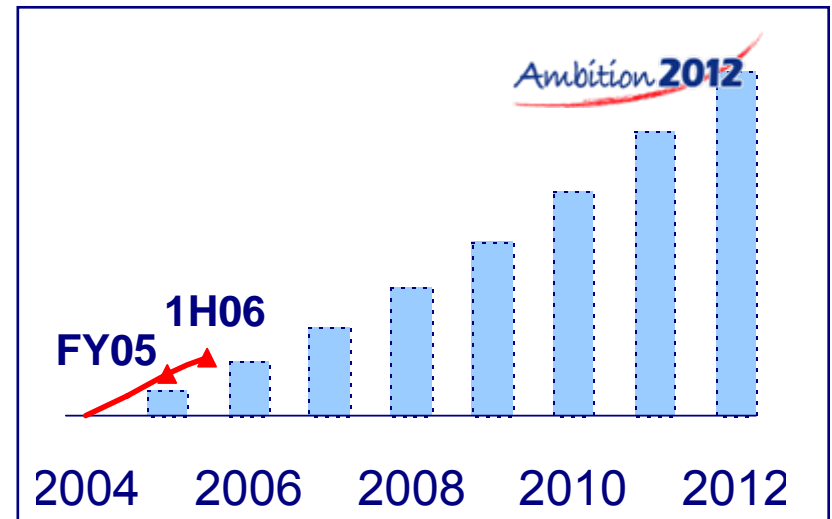
**P&C  
Combined ratio**



**Asset Managers  
Cost income ratio**



Underlying earnings



## Ambition 2012 and external growth

- Our strategy is to combine efficient organic growth with selective acquisitions
- Acquired companies and teams joining the Group, including Winterthur, are becoming part of Ambition 2012 from day 1, with similar organic growth targets

▶ In order to keep a simple message while preserving the interests of our shareholders, we are now focusing on **delivering Ambition 2012 underlying earnings growth target on a per share basis**

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

8 : Integration of Winterthur

9 : Human resources

Closing remarks

# AXA France: a reshaped company ready to meet new challenges...

- Since 2001, AXA France has been fully transformed:
  - ▶ A new customer oriented organization, capable of continuous product and service innovation
  - ▶ A redeployed company, with less administrative staff and more people in direct contact with final customers

Key achievements	2001-2005 CAGR <sup>(1)</sup>
P&C revenues	+5%
Combined ratio	-9.4 pts
Life & Savings NBV	+34%
Underlying earnings	+20%

▶ Our new ambition is to become not only the leading, but also the preferred company in our industry and to boost our profitable growth.

In order to achieve our Ambition, we need to outperform a growing market

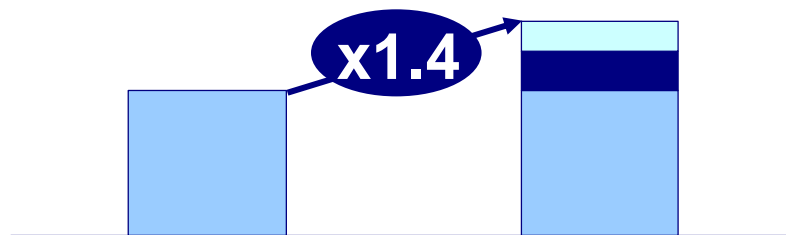
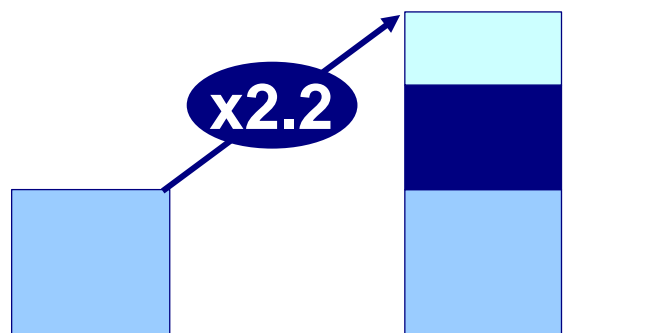
AXA France top line growth target 2004-2012<sup>(1)</sup>:

Life & Savings

Market growth +7% p.a.  
Ambition 2012 +3.5pts p.a.

P&C

Market growth +3% p.a.  
Ambition 2012 +2.0pts p.a.

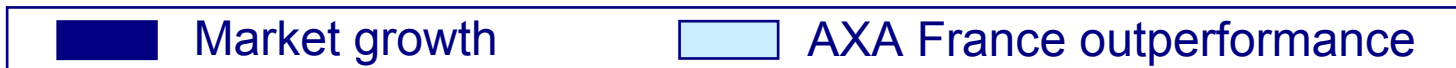


2004

2012

2004

2012



# Ambition 2012: 6 major initiatives to outperform the market

4 major initiatives to boost profitable growth at AXA France:	Additional growth	
	L&S	P&C
■ Improve AXA France's distribution capacity	+2.0 pts	+0.5 pt
■ Aggressively promote product innovation in individual lines	+1.0 pt	+0.5 pt
■ Seize opportunities in commercial P&C	-	+1.0 pt
■ Develop group life insurance	+0.5 pt	-
<b>TOTAL</b>	<b>+3.5 pts</b>	<b>+2.0 pts</b>

2 major initiatives to boost competitiveness & profits:

- Optimize claims management
- Improve productivity and off-shore around 1500 FTEs by 2012

## Initiative 1: Improve Distribution capacity

AXA France will proactively develop each of its distribution channels

Increase the number of Life  
Specialized Tied Agents

Develop Tied Agents'  
commercial strength

Enhance professionalism and commercial  
performance of Salaried Sales Force

Take full advantage  
of Internet opportunities

Develop Wealth Management  
capabilities

Additional top line  
growth by 2012:

L&S: + 2.0 pts

P&C: + 0.5 pt

## Distribution

### Increase the number of Life Specialized Tied Agents

Life Specialized Tied Agents are positioned on professionals and affluent customers, with recognized value added advice

Over the last 4 years, they achieved on average:

- ▶ Premium growth (savings): +15% p.a., 2 points above market
- ▶ 24% of GWP in unit-linked, vs. 20% for market average (2002-05)

- Double annual recruitments (from 50 to 100)
- Provide wealth management services to experienced agents
- Increase agent support with dedicated customer service platform
- Roll-out CRM tools

Target: increase the number of Specialized Tied Agents from 500 in 2004 to 1000 in 2012

Additional top line growth by 2012:

- ▶ L&S: + 0.4 pt

# Distribution

## Develop tied agents commercial strength

- Increase number of agents and improve quality of recruitment
  - ▶ Increase by 300 the number of tied agents to 3800
  - ▶ Recruit 25% of new Tied Agents within AXA's staff
- Optimize support to agents
  - ▶ Increasingly segment support according to Agents' capabilities
  - ▶ Develop "New Agencies" (focus exclusively on sales development) to represent 40% of the network, vs. 20% today
- Promote cross-selling, with focus on life & savings products:
  - ▶ Redesign Agents' initial training to balance L&S and P&C skills and adapt remuneration scheme to favor L&S unit linked products
  - ▶ Reach 20% of Agents' clients with a savings product, vs 13% today
  - ▶ One client out of two has at least 3 contracts

▶ Additional top line growth by 2012:

- ▶ L&S: + 0.5 pt
- ▶ P&C: + 0.4 pt

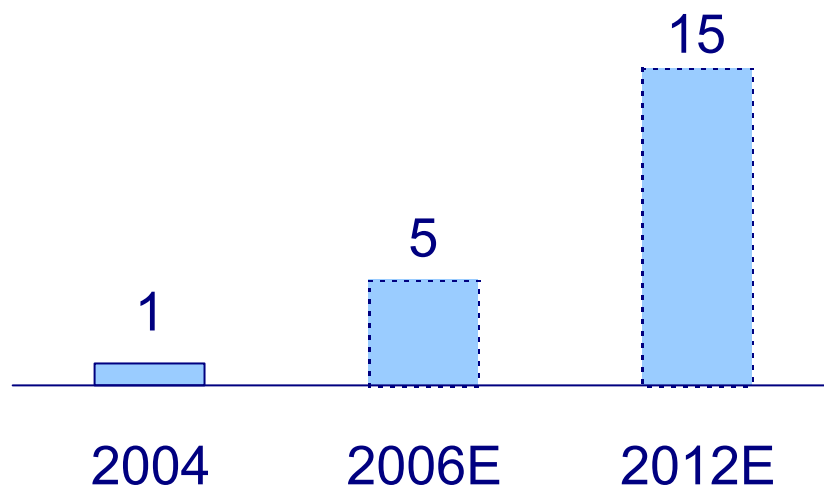
# Distribution

## Develop wealth management capabilities

Wealth management activity was launched in 2003, serving both direct clients and customers from AXA France's networks

- Key drivers of wealth management growth strategy:
  - ▶ Triple size of commercial team (from 35 to 105) to capitalize on excellent image already developed
  - ▶ Expand range of products and services

AXA France  
Wealth management AUM  
(in Euro bn)



▶ Additional top line growth by 2012:

- ▶ L&S : + 0.6 pt

# Initiative 2: Product Innovation in individual lines

	Life & Savings	Health	P&C	Insurbanking
2004 - 2006	<b>New Products</b> Salaried Salesforce: ▶ Odysseï (savings) ▶ Heliade (protection)  Tied agents: ▶ Arpèges (savings) ▶ Constituo (savings) ▶ Prêt-à-Protéger (protection)	<b>Partnerships with mutuals</b>  ▶ Mut. Mieux Etre  New products ▶ Esprit de famille ▶ Esprit Pro	<b>Segmented offers</b>  ▶ 8000 km ▶ Minivan ▶ Household/tenants	<b>Insurance benefits for bank clients</b>  ▶ Oligo account
2007	<b>Accumulator type</b> ▶ GMWB in 1Q07	<b>New positioning on health services</b>	▶ Atout Age (cars > 8 years) Loyalty offers	<b>Mortgage product line</b>

Additional top line growth  
by 2012: + 1.0 pt

Additional top line growth  
by 2012: + 0.5 pt

## Initiative 3: Seize opportunities in commercial P&C

Products	Distribution	Service
<p>Capitalize on dynamic market segments:</p> <ul style="list-style-type: none"><li>▶ Construction (strong growth with few competent players)</li><li>▶ Liability (increase in indemnities, introduction of class actions)</li><li>▶ Niche products (technical risks)</li></ul>	<p>Develop Agent's expertise</p> <ul style="list-style-type: none"><li>▶ Targeted training for 1000 Agents (Ecole de l'Entreprise)</li></ul>	<p>Pursue the development of innovative service offerings:</p> <ul style="list-style-type: none"><li>▶ Crisis management</li><li>▶ Prevention</li></ul> <p>Develop service commitments:</p> <ul style="list-style-type: none"><li>▶ 72h chrono</li><li>▶ Top Chrono Règlements</li></ul>

Additional P&C top line  
growth by 2012: + 1.0 pt

## Initiative 4: Develop Group life insurance

Capitalize on AXA France's leader position in Group Life to further develop portfolio and boost profitability:

- Increase market share on SME's
- Develop partnerships with Provident Life Associations (€ 1.4 bn of premiums in 2005)
- Capitalize on new combined platform to further develop pension and employee savings plan businesses



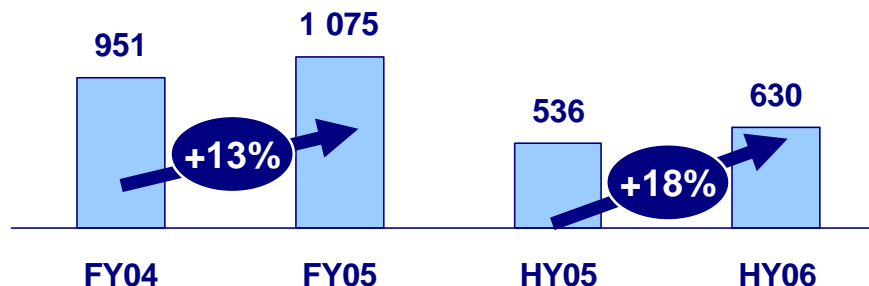
Expected impact on top line growth by 2012:

▶ Life : + 0.5 pt

# Our commitment to profitable growth has started to deliver

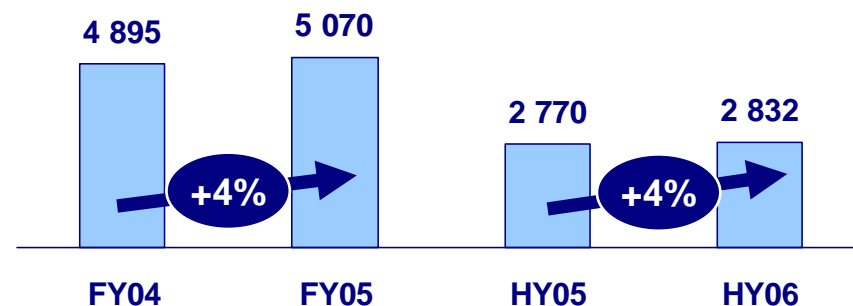
Life & Savings new business APE

**LT growth target +10.5%**



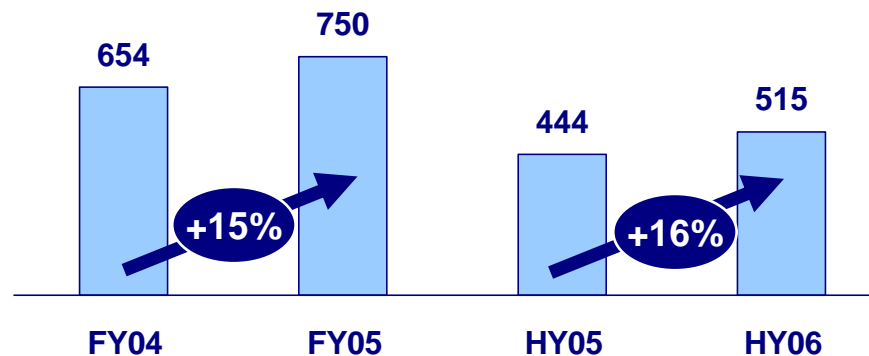
P&C revenues

**LT growth target +5%**



Underlying earnings<sup>(1)</sup>

**LT growth target +12.5%**



# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

8 : Integration of Winterthur

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# Distribution Strategy

Grow  
existing  
channels

Identify  
best practices

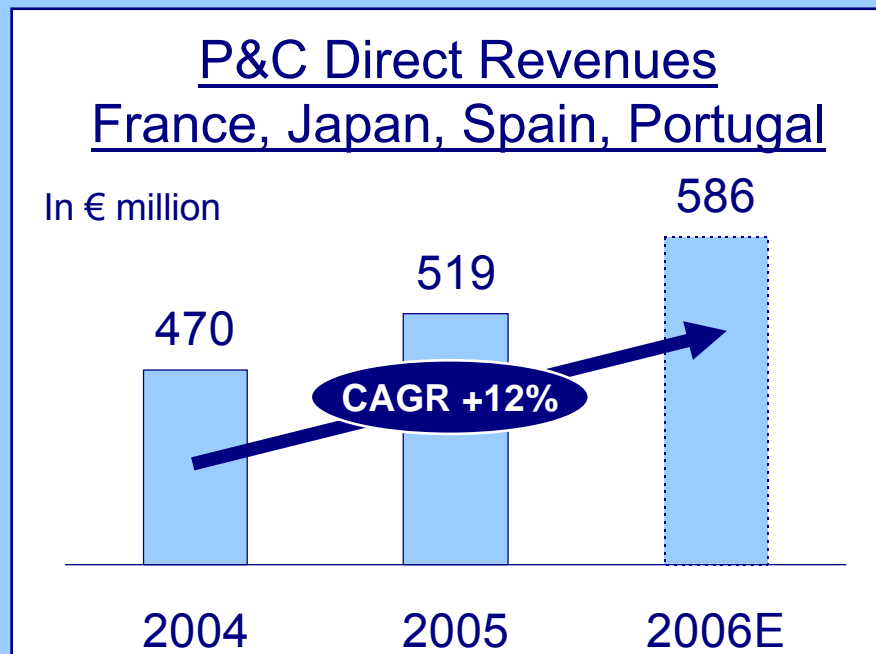
Replicate successful initiatives

Improve  
distribution  
effectiveness





Develop new  
distribution  
platforms

# Distribution initiatives

## Direct business, a hidden growth story



Weight of direct business

At year end 2005	Nb of contracts ('000)	% of direct in country personal motor GWP
France 	468	12%
Japan 	460	100%
Spain 	357	20%
Portugal 	78	11%

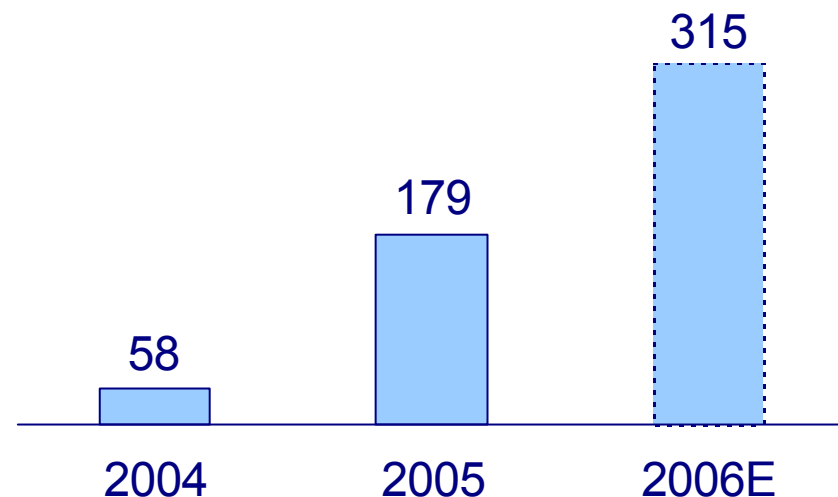
- Direct is a fast growing and profitable segment within our P&C business
- Going forward, Direct business momentum will be fueled by
  - ▶ Sale of new products, notably in the health segment
  - ▶ Launch of a start-up operation in Poland

# Distribution initiatives

## Roll out of wealth management model

- Based on AXA France's early success, AXA Belgium revamped its Private Management business in 2005
- Serving the customers of AXA's banking agents and brokers

### AXA Private Management Belgium Assets Under Management (€m)



- ▶ AXA Belgium is targeting AUM of € 2bn by 2012
- ▶ Following the successful roll out of the wealth management proposition in Belgium, this initiative will be extended to Germany and Spain in 2007

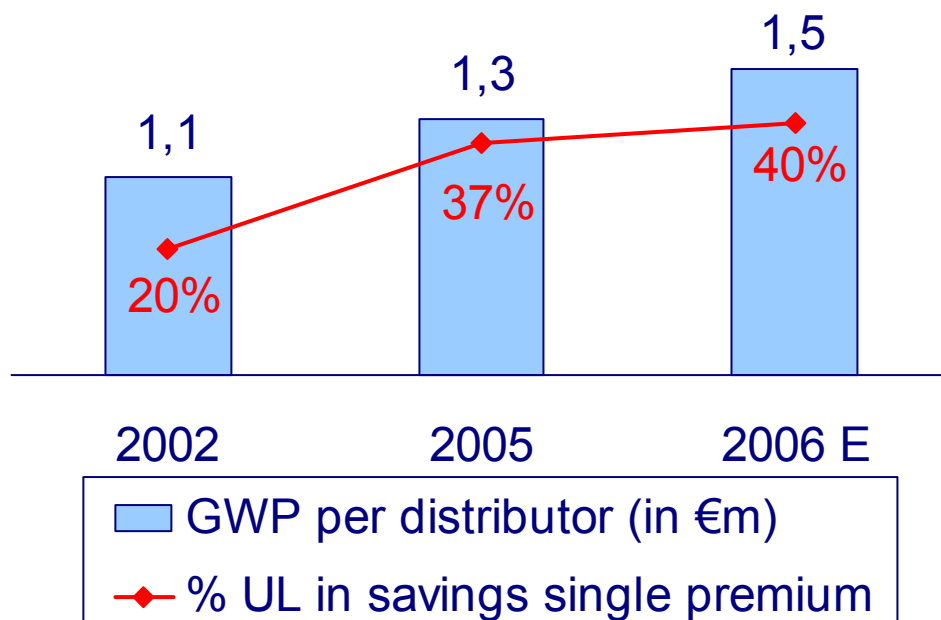
# Distribution initiatives

## Productivity improvement of proprietary networks

- AXA France has improved by over 30% the productivity of its salaried salesforce since 2002:

- ▶ New product offering
- ▶ Revamped recruiting and training processes
- ▶ New compensation scheme
- ▶ Roll-out of CRM tools

AXA France – Salaried Salesforce  
GWP per distributor – Share of UL in production



Comparable initiatives are conducted across the Group to enhance the productivity of proprietary networks, e.g.:

- ▶ US: Experienced Hire and Veteran Productivity Improvement Program
- ▶ Japan: AXA Advisors (CCI) productivity increased by 30% since 2004

# Going Forward, the Group will increasingly focus on rolling out successful distribution initiatives

Successful in...

Roll-out opportunities in...

## ■ GROW EXISTING CHANNELS

Agent retention	US (Mony)	Hong Kong
Recruiting employees to be tied agents	France	Germany, Italy
Developing life specialists tied agents model	France	Spain, Italy

## ■ IMPROVE DISTRIBUTION EFFECTIVENESS

Sales support to distributors on Accumulator	US	France, Germany, Japan, Med region
Internet to support tied Agents growth	Germany	France
IFAs / FPs expansion	Australia, US	Japan

## ■ DEVELOP NEW DISTRIBUTION PLATFORMS

Ipac sales & advice process	Australia	UK, Hong Kong
Bancassurance in P&C	France	Italy
Corporate partnerships	UK	Germany, Belgium

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

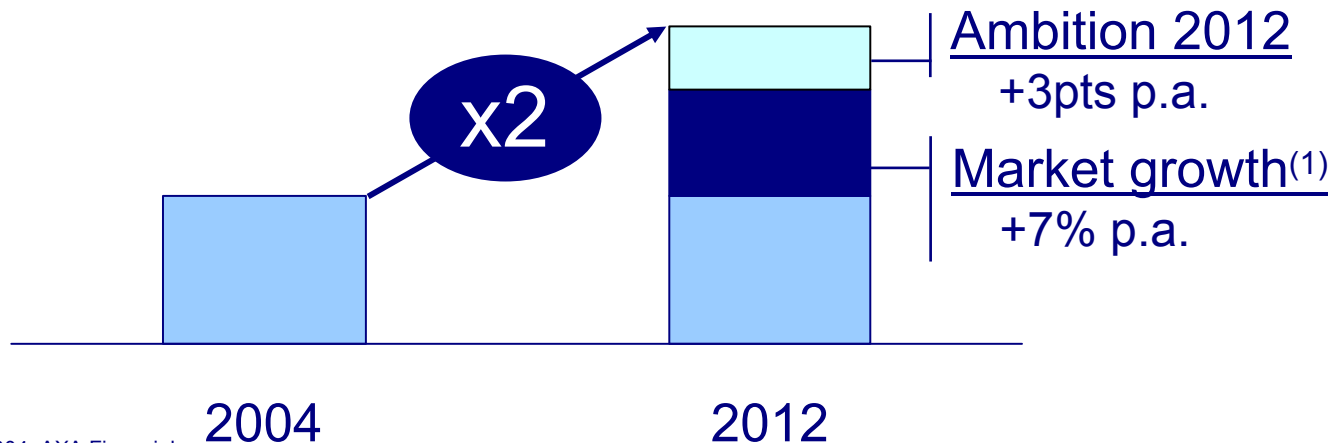
8 : Integration of Winterthur

9 : Human resources

Closing remarks

# Ambition 2012 in the US: Strategy to outperform a growing market

## AXA Financial top line growth target 2004-2012



(1) Sources: Merrill Lynch 7/2004, AXA Financial

Key initiatives should contribute to outperformance of the US Life & Savings market in order to achieve Ambition 2012 targets:

- ▶ Variable Annuities - Planner Channel Expansion: +2.0 pts
- ▶ Life Wholesale Initiatives: +0.5 pt
- ▶ Retail Initiatives: +0.5 pt

# AXA Financial in the VA market: strong market share growth, to be further supported by Planner Channel expansion

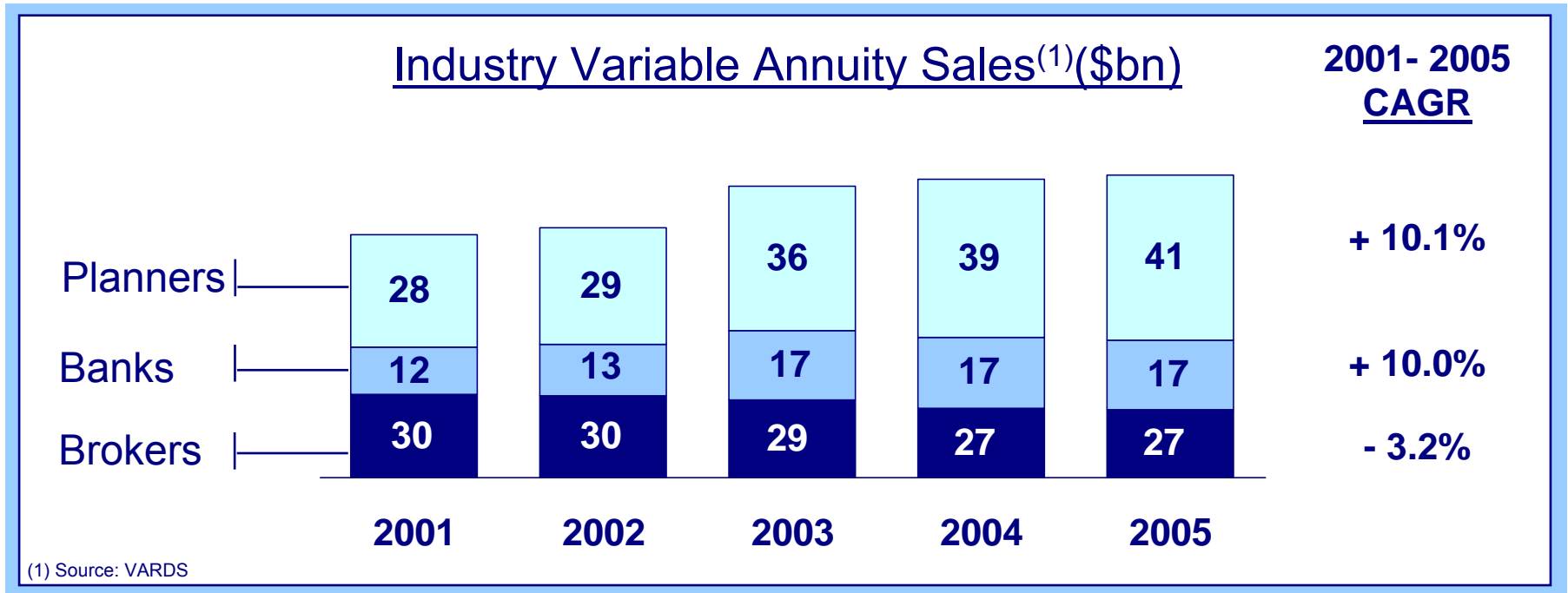
RANK				MARKET SHARE			SALES
2001	2005	1H06		2001	2005	1H06	1H06
4	2	1	Metlife/Travelers	8,1%	9,5%	9,1%	\$7 173m
1	1	2	TIAA-CREF	9,5%	10,3%	9,0%	\$7 030m
8	4	3	AXA Financial & MONY	5,0%	8,0%	8,4%	\$6 556m
3	3	4	Hartford Life	8,6%	8,6%	8,1%	\$6 345m
5	5	5	Prudential/Skandia/Allstate	7,3%	6,7%	6,8%	\$5 302m
9	10	6	Pacific Life	4,1%	5,5%	6,4%	\$5 038m
11	6	7	Lincoln National Life	3,5%	6,4%	6,4%	\$4 994m
10	8	8	John Hancock/ManuLife	4,0%	6,0%	6,2%	\$4 864m
6	9	9	ING Group	5,4%	6,0%	5,8%	\$4 514m
2	7	10	AIG/SunAmerica/VALIC	9,0%	6,0%	5,7%	\$4 474m

1H06 year-on-year growth rate:

- ▶ AXA Financial +30%
- ▶ Industry +22%



# Planner Channel Expansion: Largest and fast growing wholesale variable annuity channel



- Target the largest and fast growing Independent Financial Planner distribution channel
  - ▶ Non-affiliated financial advisors selling through independent brokerage firms
  - ▶ LPL, Securities America, NFP

# Planner Channel Expansion: Initiatives follow critical success factors validated in other wholesale channels

1

Distribution

2

Product

3

Investment  
Platform

4

Technology

5

Service

- ▶ Management
- ▶ Wholesaling
- ▶ Key Accounts
- ▶ Marketing
- ▶ Sales Desk

- ▶ Competitive
- ▶ Feature  
Functionality
- ▶ Pricing
- ▶ Profitability

- ▶ Brand
- ▶ Selection
- ▶ Performance
- ▶ Perception

- ▶ Firm Interface
- ▶ Policy  
Issuance
- ▶ CRM
- ▶ Metrics

- ▶ Operations
- ▶ In-Force
- ▶ New Business
- ▶ 1035  
Exchange

# Planner Channel Expansion: Continued execution on all facets of strategy

## ■ Distribution: Invest in wholesale distribution

- ▶ Hired 33 dedicated Planner wholesalers; up from none in 2003
- ▶ Adding wholesalers in 2006/07
- ▶ “Broader and deeper” sales relationships

## ■ Product: Continued product innovation

- ▶ Accumulator '06 launch in July – GMWB for life
- ▶ Further variable annuity enhancements coming in 2007

## ■ Technology: Enables multiple access points

- ▶ Enhancing web capability for financial professionals

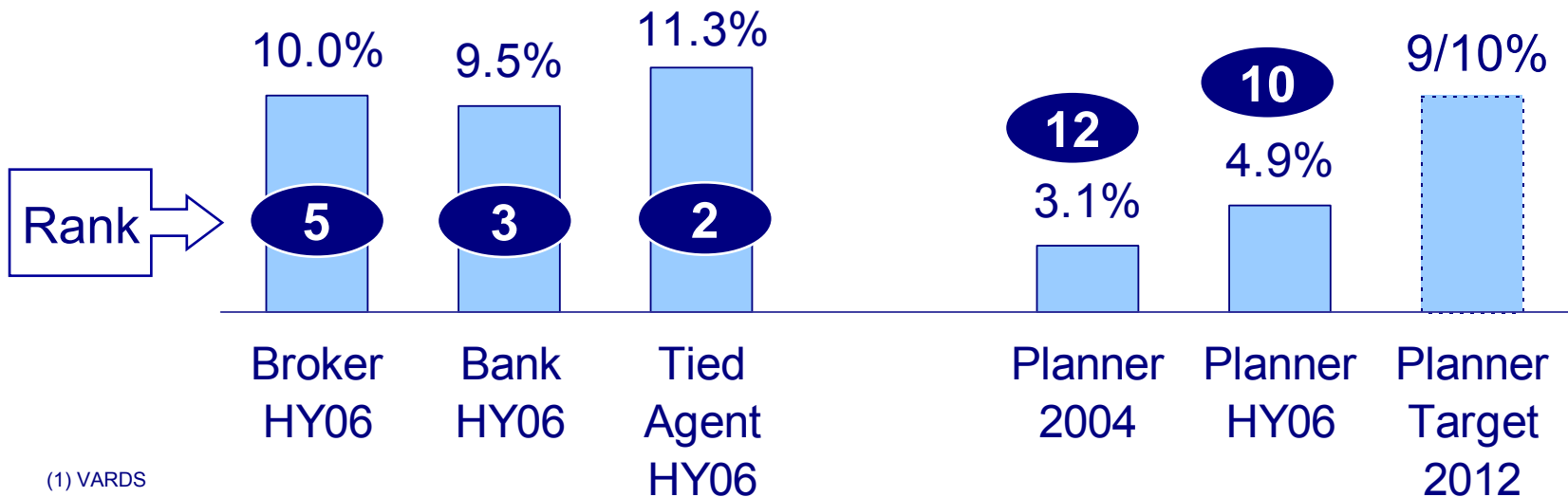
## ■ Service: A tailored strategy

- ▶ Geographically diverse Planner population
- ▶ Increase frequency and quality of contact

# Planner Channel Expansion: Initial results confirm strength of strategy and execution

- HY06 Planner channel growth: +60% vs industry +30%

AXA Financial - Market Share by Channel (1)



Opportunity: Execute strategy in Planner channel and capture share

# AXA Financial in the life insurance market: entering the top 10, with further growth potential from Life Wholesale Initiatives

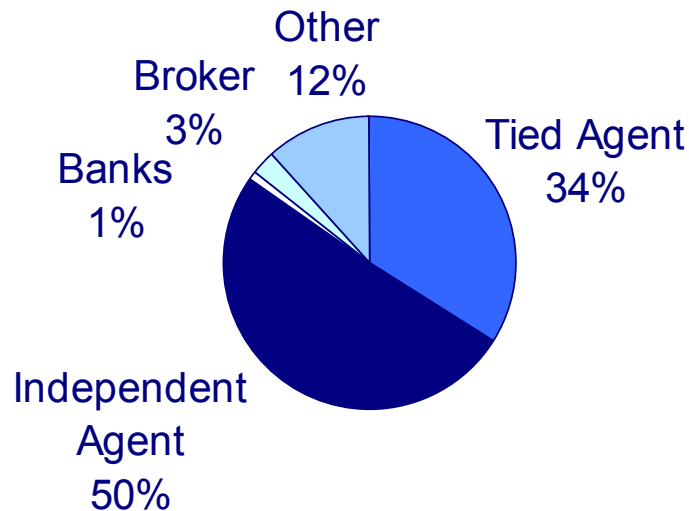
RANK				MARKET SHARE			SALES
2001	2005	1H06		2001	2005	1H06	1H06
3	3	1	AXA Financial & MONY	2,1%	3,1%	3,5%	\$184m
3	3	1	AIG-American General	7,4%	6,0%	7,9%	\$416m
8	2	2	ManuLife/John Hancock	6,1%	6,2%	7,1%	\$373m
4	6	3	New York Life	5,6%	5,1%	6,2%	\$323m
1	4	4	Northwestern Mutual	6,7%	5,5%	5,7%	\$298m
2	1	5	MetLife Companies	5,1%	6,7%	5,0%	\$264m
n/a	9	6	Lincoln National	5,1%	3,4%	4,8%	\$254m
7	5	7	Aegon USA	3,9%	5,2%	4,6%	\$240m
5	10	8	Pacific Life	3,4%	3,4%	4,3%	\$224m
9	8	9	State Farm Life	n/a	3,9%	3,8%	\$199m

1H06 year-on-year growth rate:

- ▶ AXA Financial +19%
- ▶ Industry +13%

# Life Wholesale: Opportunity to penetrate largest life distribution channel – Independent Agents

Distribution breakdown of 2005 Annualized Industry First Year Premiums \$9.3bn



(1) LIMRA  
Independent Agents are non-tied agents paid by commission only

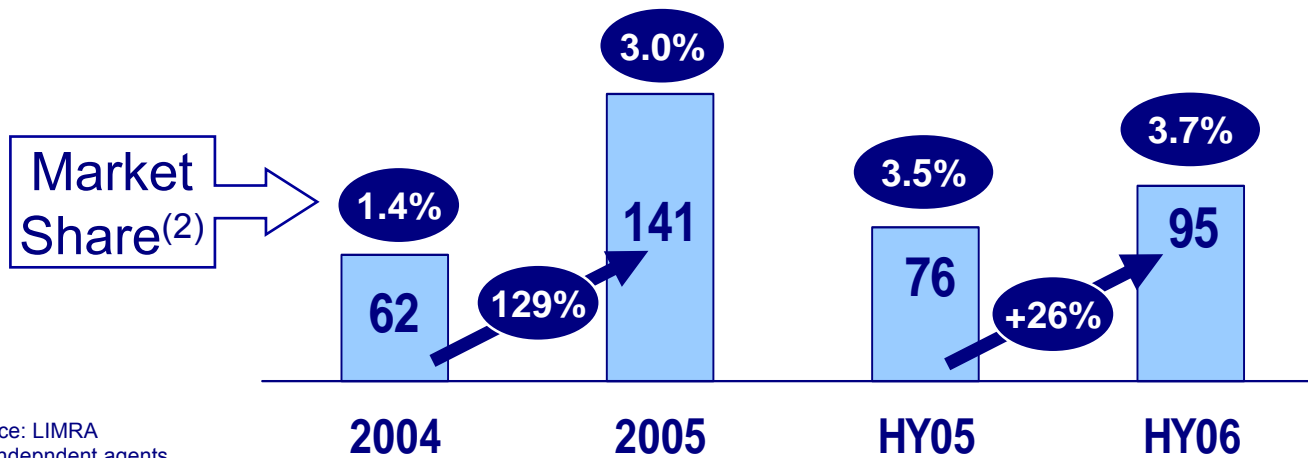
- AXA Equitable's Life wholesale capability originated from MONY acquisition
- AXA Partners: Term, Universal and Variable Life products
- U.S. Financial Life (USFL): Focus on impaired risk market (Clinical underwriting)

## Life Wholesale: Action plan to drive towards 2012

- Synergies from AXA Partners & USFL wholesale distribution
  - ▶ Add more dedicated life wholesalers
  - ▶ Increase agency coverage
  - ▶ Enhance product depth and offering to agency relationships
  
- Product diversification beyond Universal Life
  - ▶ New AXA Equitable term
  - ▶ New USFL term
  - ▶ New Variable Life
  
- Leverage AXA Equitable brand with superior client service & consistency to market

# Life Wholesale: Successful early results

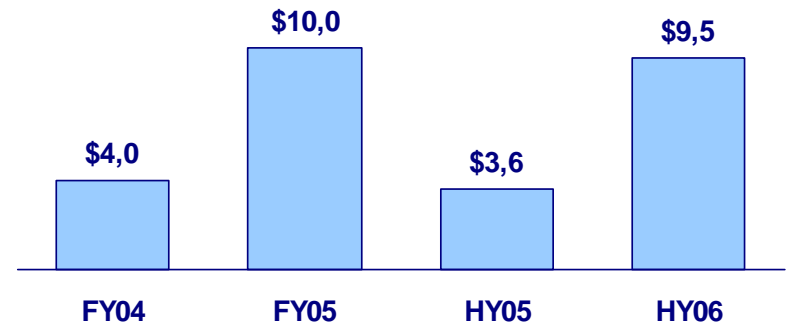
Life Wholesale Business - First Year Life Sales (\$mm)<sup>(1)</sup>



(1) source: LIMRA  
 (2) On independent agents

Mony wholesale platform  
 + Management focus  
 + AXA Equitable brand  
 + Innovative AXA products

Ambition 2012 Momentum



**Life Wholesale NBV \$m**

# Retail Productivity Initiatives: Concentrate resources on strongest producers

## ■ Veteran Productivity Improvement Program (VPIP)

- ▶ Over 150 veteran Advisors enrolled in program
- ▶ Advisors chosen based on ability and desire to grow their business
- ▶ Aug. YTD production for VPIP participants up 13.3% vs veteran YTD average of +8.4%

## ■ Experienced Hire initiative

- ▶ AXA value proposition gaining momentum
- ▶ Potential NBV contribution drives hiring criteria
- ▶ 2.6% incremental Retail NBV in HY06, further hires to benefit NBV in 2007+

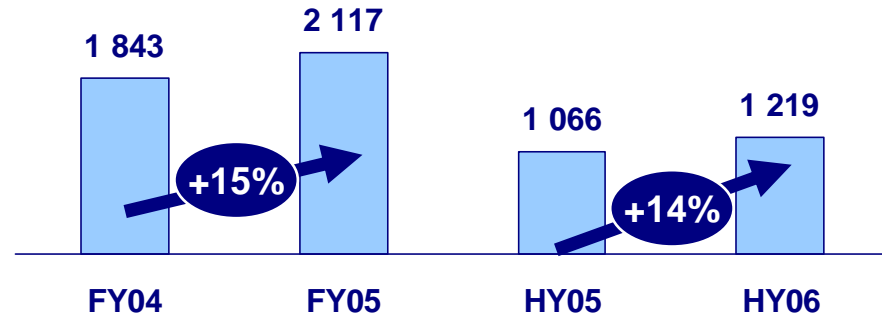
## ■ “At Retirement” initiative rollout continues

- ▶ Wharton Advisor Education – 245 advisors in '06
- ▶ Client Seminars – 150 seminars with 5,500 attendees
- ▶ Retirement Compass Tool – 40% product sale conversion rate for pilot group

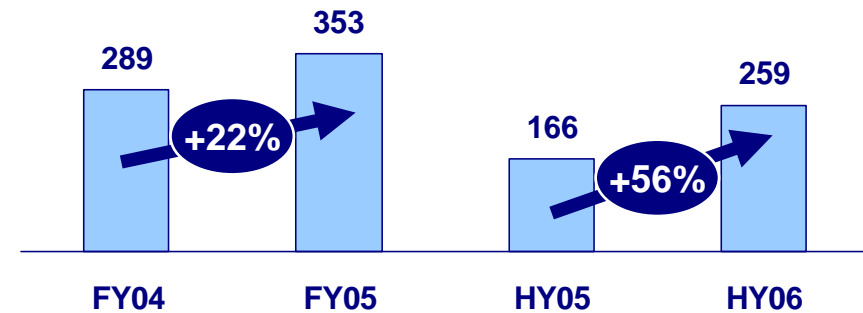
# Ambition 2012 at AXA Financial: The first 18 months

Life & Savings new business APE (\$m)

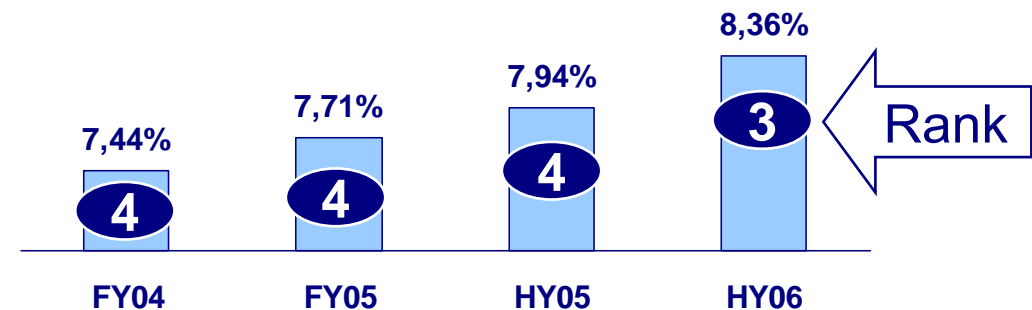
LT growth target +5% / 10%



New Business Value (\$mm)



Variable Annuity Market Share<sup>(1)</sup>



# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

8 : Integration of Winterthur

9 : Human resources

Closing remarks

## Offer innovation: Global rollout of proven guaranteed benefits leverages AXA Group knowledge base

- Guaranteed benefits address global retirement needs
  - ▶ Conservative investment strategy will not keep up with inflation
  - ▶ Long term equity investments necessary, but timing can dramatically affect outcome
  - ▶ AXA's products provide a vehicle for retirees to invest in equities with guaranteed downside protection for life
  
- Tailored and supported by regional platforms
  - ▶ Local customer knowledge
  - ▶ Regional risk management

## Twinstar, Germany's version of Accumulator, is one example of global product synergy

- Local management synthetically replicated a popular investment product using variable annuity chassis
- Upside of long-term equity exposure combined with attractive guarantee
  - ▶ Twinstar Annuity guaranteed income better than guaranteed annuity income from traditional product
  - ▶ Equity upside potential of Twinstar should outperform Traditional product policyholder bonus
- Profitable unit linked product structure
- Satisfactory initial response (€21m APE in the first 6 months since product launch in April 2006)

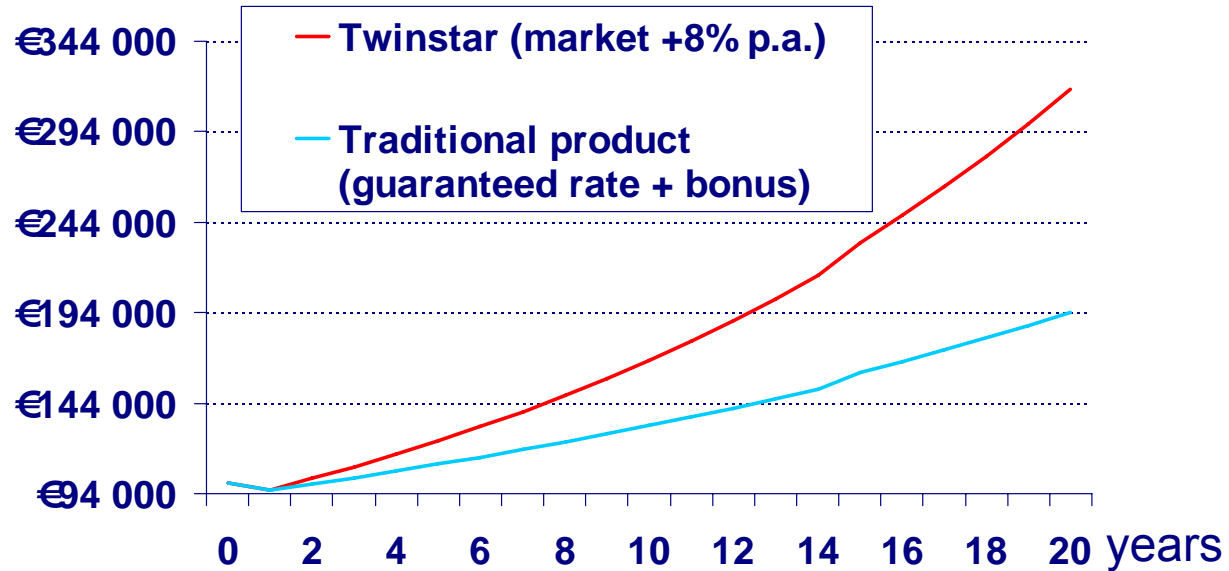
# Twinstar vs. traditional products: offering value to German policyholders

	Traditional annuity design	TwinStar design
Guaranteed living benefits	Lump sum payment at 2.75% Annuity payment at 2.75% Surrender benefit at 2.75%	Annuity payment at 4.7% rollup rate and 1% annuity rate
Guaranteed death benefits	Gross premiums during accumulation	Gross premium during accumulation
Guarantee on additional payments /indexation	Guaranteed 2.75%	Guarantee of gross premium only
Non guaranteed benefits	Bonus rate (participating contract)	Lump sum payment at account value Annuity payment based on account value Surrender benefit at account value
Investment options	General account	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 10px;">Unit linked</div> <div style="font-size: 3em; margin-right: 10px;">{</div> <div> <p>AXA IM managed account</p> <p>AXA IM funds</p> <p>Selected third party funds</p> </div> </div>

# Twinstar vs. traditional products

A real life example: a policyholder deposits €100,000 at age 45

The policyholder can take a lump sum at a point in time...



...or annuitize at age 65



Annuity payment	At 65	Minimum guaranteed
Twinstar	€1,489	€ 755
Traditional product	€855	€ 717

We have the know-how and the platforms to roll out guaranteed benefits products across the Group

Country	Launch	Benefits Offered	Distribution	Hedge Platform
U.S.	✓	GMDB, GMIB, GMAB, GMWB	Tied Agents, Wholesale	AXA Equitable
Germany	✓	GMDB/GMIB	Tied Agents, Brokers	AXA Life Europe
Japan	✓ Q1'07	GMDB/WB/AB (\$) GMDB/IB (¥)	Tied Agents, Banks	AXA Equitable AXA Life Europe
U.K.	✓ Q4'06	GMDB/WB GMDB/IB	Wholesale	AXA Life Europe
Belgium	Q1'07	GMWB	Brokers, agents	AXA Life Europe
Southern Europe	Q1'07	GMDB, GMAB, GMWB	Tied agents, Banks, Brokers	AXA Life Europe
France	Q1'07	GMWB	Tied agents, salaried salesforce	AXA Life Europe

## Offer Innovation: Transferring local expertise around the Group

Accumulator Rollout is demonstrating that Offer Innovation is an opportunity for organic growth. Other areas of focus include:

- Protection / Term Life Offers: very profitable product ranges with significant customer needs across the world (structural under insurance)
  - ▶ e.g. AXA Spain's Vida Segura Ticket:
    - Term product with low benefit value and simplified underwriting
    - Rolled out in France
  - ▶ Other successful ideas from our entities (Living Care Rider, Return of Premium,...)
  
- Next: Leverage Life and P&C SME market expertise

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

8 : Integration of Winterthur

9 : Human resources

Closing remarks


# AXA Way helped us develop a continuous improvement culture

2002

2005

## AXA Way Phase 1 – Launch of process improvement initiative

- In the first 3 years of AXA Way Phase 1, over 500 blackbelts have been appointed, 10,000 employees have been trained, 1100 projects have been achieved and 750 are on-going across the Group.
- AXA Way projects delivered €161m of benefits<sup>(1)</sup> in 2005 (€11m above target<sup>(2)</sup>)

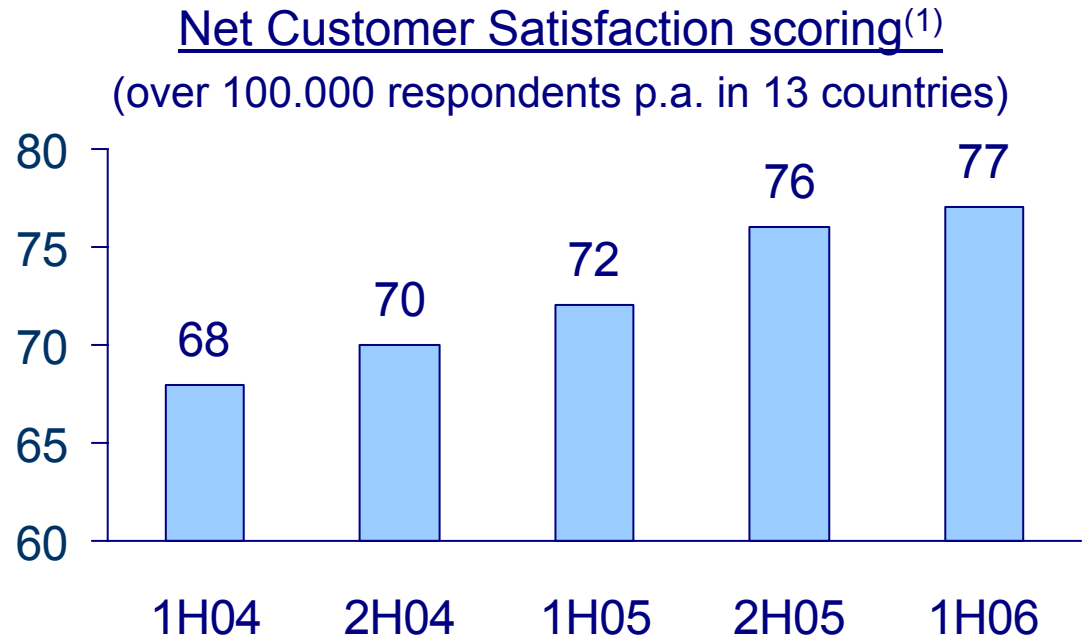
- 
- ▶ Demonstrating the capability to improve simultaneously quality and efficiency, and thereby obtaining a strong buy-in from teams across the Group
  - ▶ Supporting the development of a continuous improvement culture

(1) AXA Way Project net income: benefits achieved during the 12 months following the projects (minus project costs). It includes technical gains, productivity gains, general expense reduction and incremental revenues, before tax. Unaudited internal measure.

(2) See Oct 27, 2005 Benefits of Being Global presentation, slide 52

# These first initiatives have been instrumental to customer satisfaction improvement

Studies conducted at AXA France and AXA Equitable show that satisfied customers have a 2 to 4 times higher cross-sell rate and a 2 to 3 times lower cancellation rate than dissatisfied clients



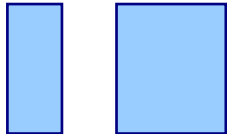
(1) "Net satisfaction" scoring is the % of extremely and very satisfied customers, less the % of very and quite dissatisfied customers.



Quality of service has a direct impact on operating performance

This improvement culture will now be leveraged...

2006



2012

AXA Way Phase 2 – Differentiation strategy

- 2 pilot programs have confirmed that service commitments are key differentiating factors:

- ▶ '72H Chrono' at AXA France Entreprises: new business up 13.5% in FY05 on the products benefiting from this service guarantee
- ▶ 'Same day processing' at AXA Kranken: number of applications increased by 75% since the launch of the service guarantee (July 2005), with 99% of requests processed within a day

...to make quality of service a true differentiating factor...

- Each AXA entity is currently defining its own differentiation strategy in terms of quality of service:
- Complaints management
  - ▶ Each AXA entity is currently listing its top 5 complaints and will set up an action plan to improve its performance on these 5 areas starting in 2007
- Service guarantees
  - ▶ By end of 2007, each AXA entity will have offered at least one service guarantee to its clients or distributors

▶ Based on these local plans, we are identifying and measuring key processes linked to customers and distributors satisfaction

## ...and we have set ourselves ambitious targets

- Since 2004, customer satisfaction has improved by 9 points
- AXA's current quality of service is not yet sufficiently differentiated from insurance industry average
- We are committed to drastically improving quality of all key processes (underwriting, claims, advice...)

	Today	2008-2010	2012
Scoring <sup>(1)</sup> on quality processes	~2 sigma	3 sigma	4 sigma

▶ 54% of our clients<sup>(2)</sup> are promoters<sup>(3)</sup> of the AXA brand.  
We expect this number to increase progressively as our differentiation strategy gains momentum

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

8 : Integration of Winterthur

9 : Human resources

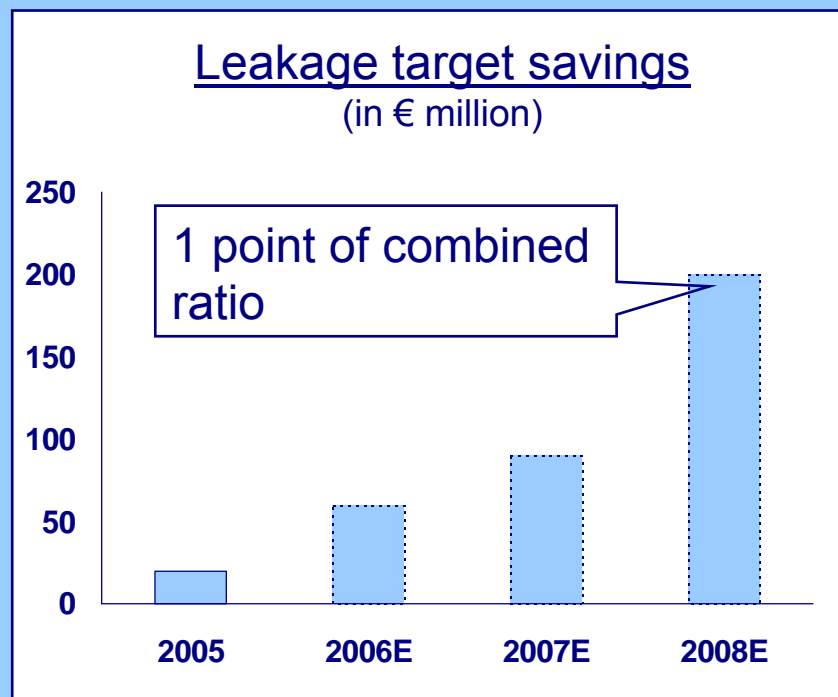
Closing remarks

- ▶ Claims Management
- ▶ Offshoring
- ▶ IT

## Promising first results of claims management initiative: Claims Leakage reduction

*Claims Leakage: Over payment of claims, due to poor systems, inadequate training, lack of pro-activity... The leakage rate is the % of overpayment*

- In 2006, we deployed a common tool to consistently measure leakage across the Group
- 50% claims under €150k to be reviewed for leakage in 2006, target is to reach 80% in 2008
- Current average leakage rate is 6%, target is to reach 4% in 2008

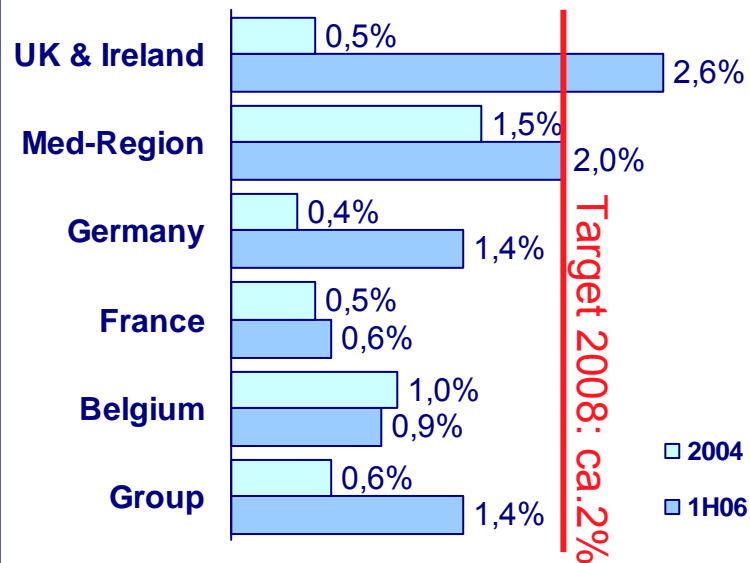


Leakage savings of €50m achieved in 1H06, €10m ahead of FY06 initial target. Increased targets set for 2006 (€60m) through to 2008.

# Fraud detection and prevention

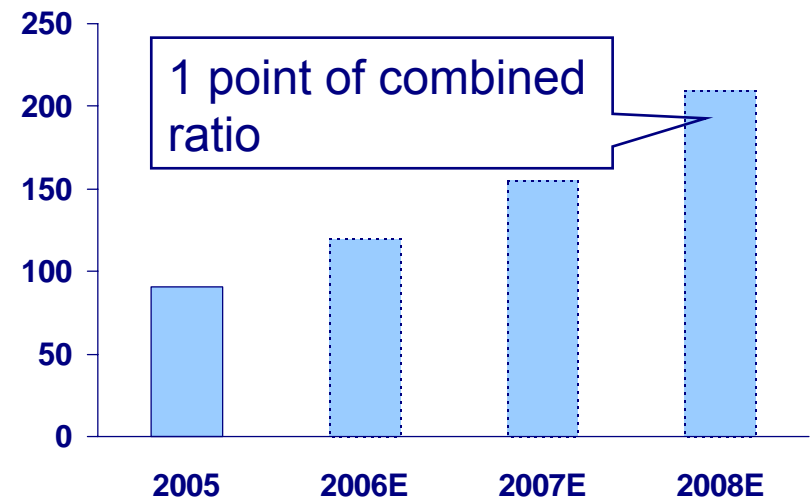
***Fraud:** Fraudulent claims account for at least 5% of claims costs in mature markets. In 2004 savings on fraud recoveries were 0.6% of claims costs*

## Detected Fraud Rate



## Fraud target savings

(in € million)



Fraud savings of €68m achieved in 1H06, €8m ahead of 1H06 target

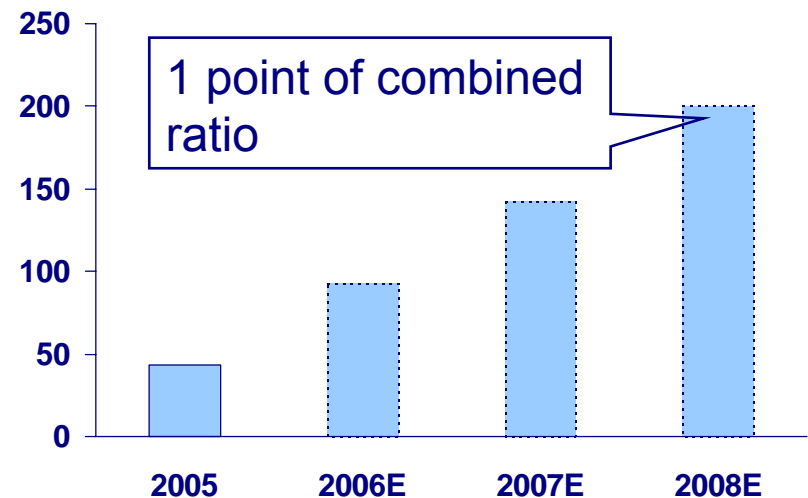
# Insurance procurement

*Insurance procurement: Leverage our global claims management & procurement expertise to reduce costs and improve customer service*

- We are leveraging our global size to make global agreements (Belron, Nobilas...)
- 2005 savings were higher than planned (€43m vs €25m)
- New procurement savings of €27m achieved in 1H06, €2m ahead of 1H06 target

## Procurement target savings

(in € million)

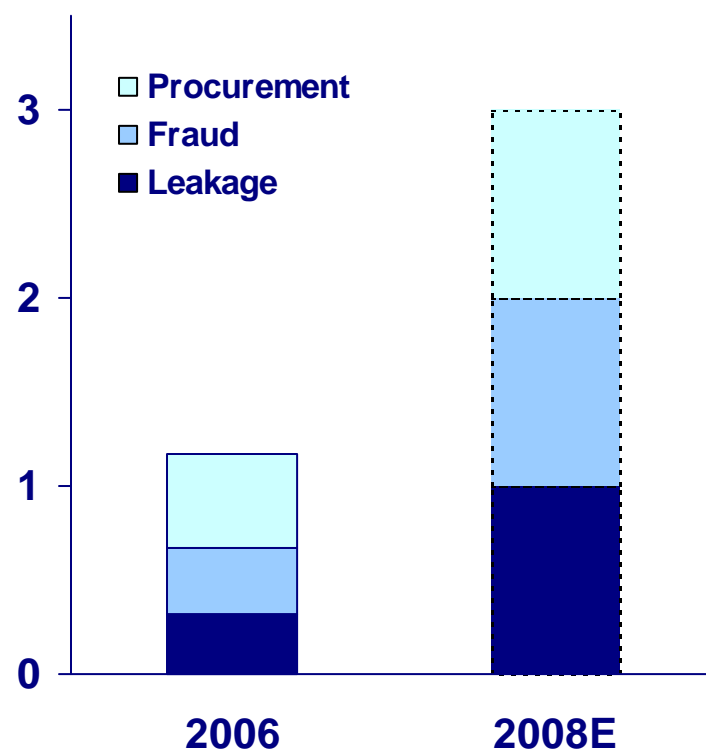


2008 procurement savings target increased to €200m, from €180m in our initial plan<sup>(1)</sup>

## Optimizing the benefits of claims management initiative

- Claims management initiative is on track to deliver ~3 points of structural combined ratio savings by 2008
- These 3 points will give us additional flexibility to deliver on our top line growth targets while staying well within our through-the-cycle 96%-101% combined ratio target

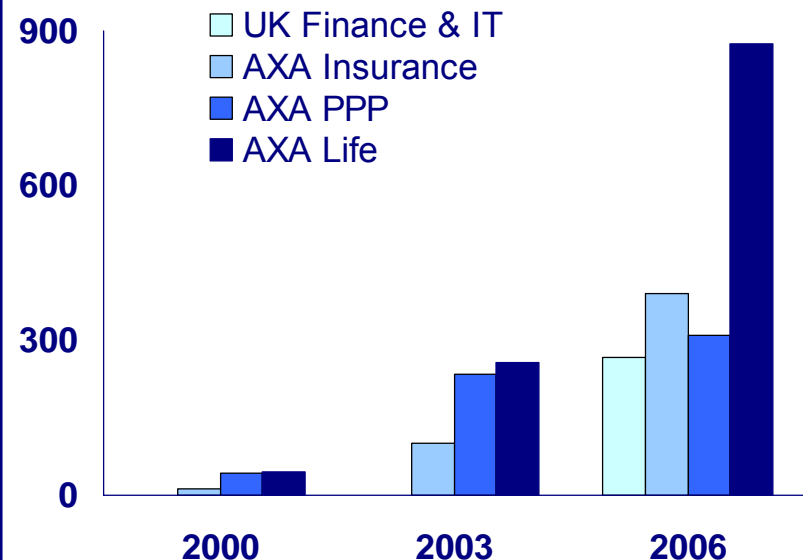
Impact of Claims Management on Group combined ratio



## Offshoring benefits, a successful UK experience

- AXA UK started offshoring back in 1997
- Offshoring accounts for 16% of total FTEs
- Offshored positions include Policy administration (35%), New business (20%), Surrender/claims (27%) and Finance (18%)


### AXA UK – Offshored FTEs



- ▶ Cost benefits: €18,500 UK average per offshored FTE
- ▶ Quality benefits: e.g. offshoring to India the Approved Repairer Conversion rate improved from 78% to 88%.

## From a UK project to a group-wide initiative

- At year end 05, 2,050 FTEs were offshored in one of our centers in India or in Morocco.
  - This delivered €34m of cost savings in 2005
- 
- Some of our European entities will have to face a strong increase in retirees in the next 10 years

- 
- ▶ Offshoring is a way to improve business efficiency by creating opportunities to reengineer processes
  - ▶ Process harmonization can further leverage Group scale

# 2010 Offshoring Plan: over 5,000 FTEs in multiple AXA off-shored centers...

## Offshoring targets

<i>In FTEs</i>	<b>2005</b>	<b>2006E</b>	<b>2010E</b>
UK	1,500	1,800	2,500
France	95	180	1000
Australia / N-Z	230	230	320
Canada	0	30	250
Others	225	260	930
<b>TOTAL</b>	<b>2,050</b>	<b>2,500</b>	<b>5,000</b>

Offshoring savings <sup>(1)</sup>	€34m	€50m	€100m
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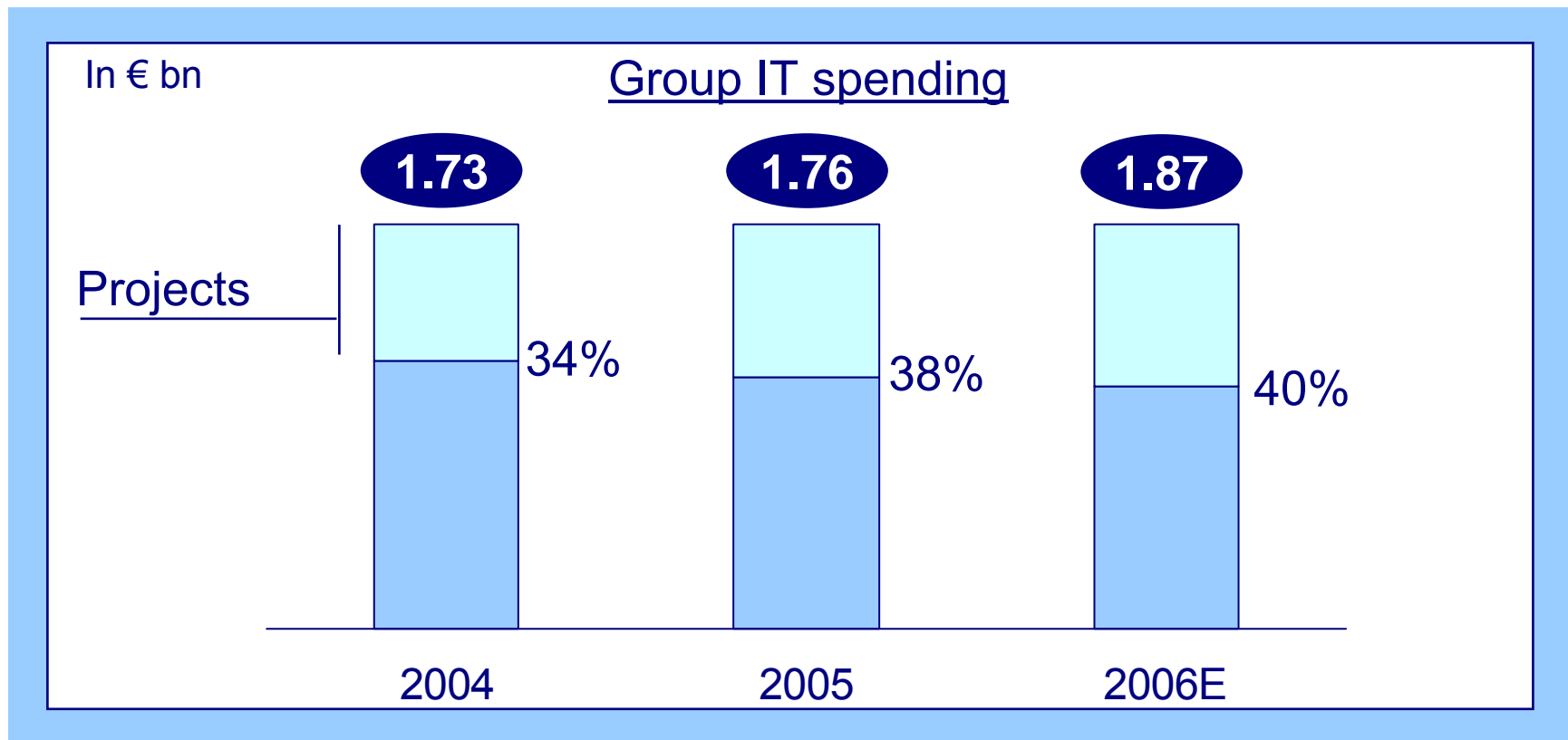
AXA BS  
Bangalore

AXA BS  
Pune

Avanssur  
Morocco

(1) Difference between (i) off-shore costs and (ii) on-shore salaries & benefits and other on-shore costs, gross of project costs, before tax and PB

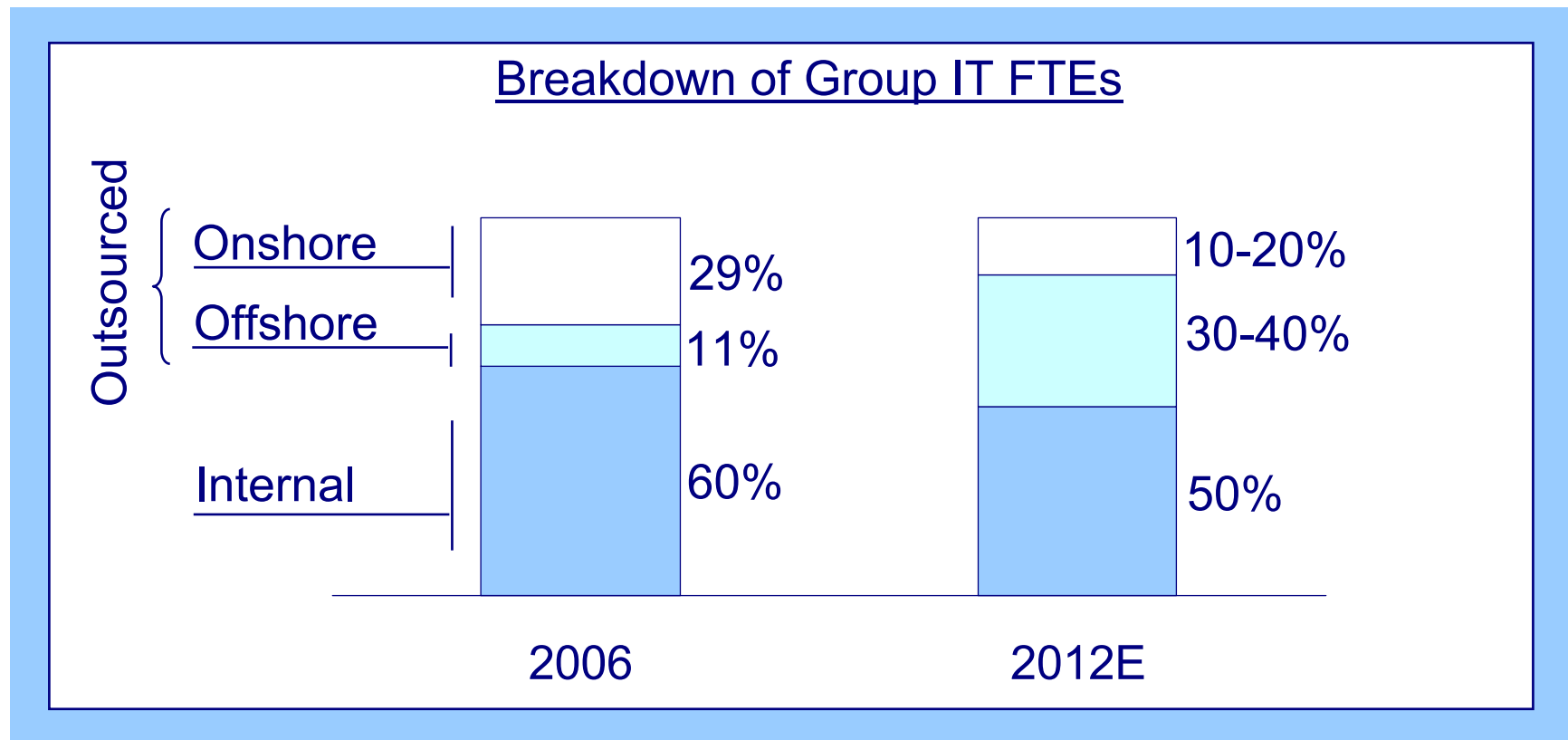
## IT spending: 2004-2006 performance



IT structure is the product of 20 years of mergers & acquisitions

Despite significant progress over the past years, IT productivity and quality can be significantly improved

## IT 2012 initiatives: Sourcing evolution



IT offshoring will create opportunities to optimize processes and systems

Sourcing initiative could add 1 to 2% of productivity gains

## IT 2012 initiatives: Process excellence in software development

Improved quality

Defects divided by 2

Reduced time to delivery

Rework down from 20% to 10%

Improved planning  
(cost, time, specifications)

Error margin in project planning  
down from  $\pm 20\%$  to  $\pm 5\%$

Decreased cost of being  
compliant

IT general controls embedded  
into standard processes

Process improvement in software development<sup>(1)</sup> could add 2 to 3% of productivity gains

## IT 2012 initiatives: IT convergence and simplification

Our objective is fewer platforms, shared across countries

	2006 estimated standardization level	2012 target standardization level	Driver
IT infrastructure	70%	> 95%	AXA Tech
Support function applications	11%	60% to 70%	AXA Group Solutions + IT Architecture Teams
Core business applications	0%	10% to 25%	

Convergence initiative could add 2 to 3% of productivity gains

# IT Contribution to Ambition 2012

Lever	Productivity gains
Sourcing	1 - 2 %
Process excellence	2 - 3 %
Convergence & Simplification	2 - 3 %

IT will enable business growth with contained budget by delivering yearly productivity gains of 5 to 8 %

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

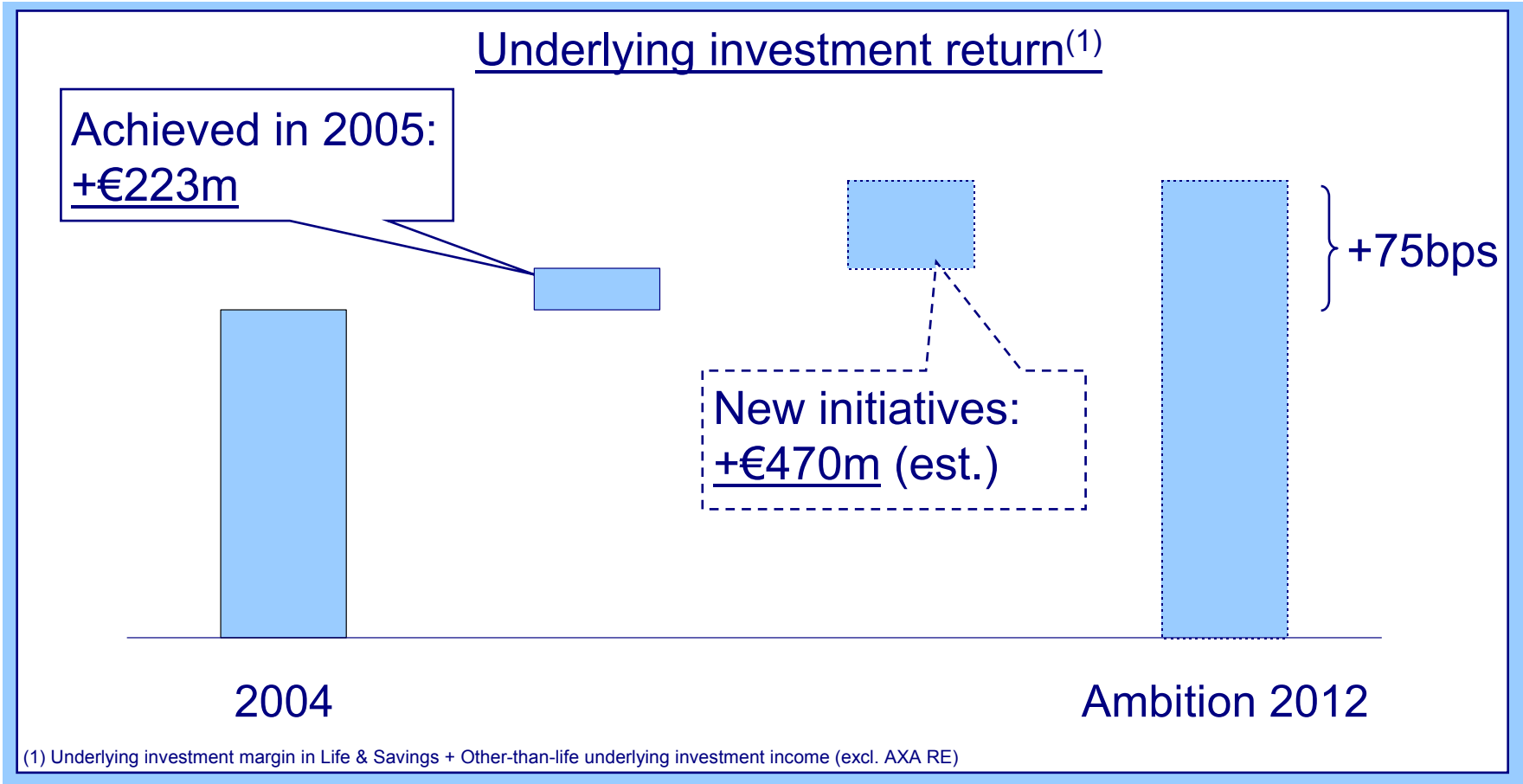
8 : Integration of Winterthur

9 : Human resources

Closing remarks

- ▶ Investment return
- ▶ Capital management

We have already started to harvest the benefits of the optimization of our investment return



Improvement of investment return while maintaining risk under strict control has been achieved in 2005 and 1H06 and will continue through a series of carefully managed initiatives

## Increasing investment return through carefully chosen initiatives

- Initiatives launched since early 2005 have had a +€223m impact on the investment return
  - ▶ Credit optimization: average rating from AA to AA-
  - ▶ Duration optimization: gap reduced from 0.9yr to 0.6yr in Life & Savings
  - ▶ Improvement of equity yield, through the AXA Equity Universe
  
- We are now launching a second wave of initiatives, notably based on
  - ▶ Further credit optimization: average rating from AA- to A
  - ▶ Further duration and convexity optimization

Our initiatives should improve our underlying investment return by ca. 75 bps

Longer term, we are also exploring the possibility of increasing investments in alternative asset classes and optimizing liquidity management

# Impact of 2012 targets on capital requirements

## LT growth target for activity indicators

L&S APE	+ 5 / + 10%
P&C revenues	+ 3 / + 5%
AM revenues	> + 10%

- We have assessed Ambition 2012 solvency requirements based on our long term growth targets
- We are committed to maintaining our financial strength at its current level

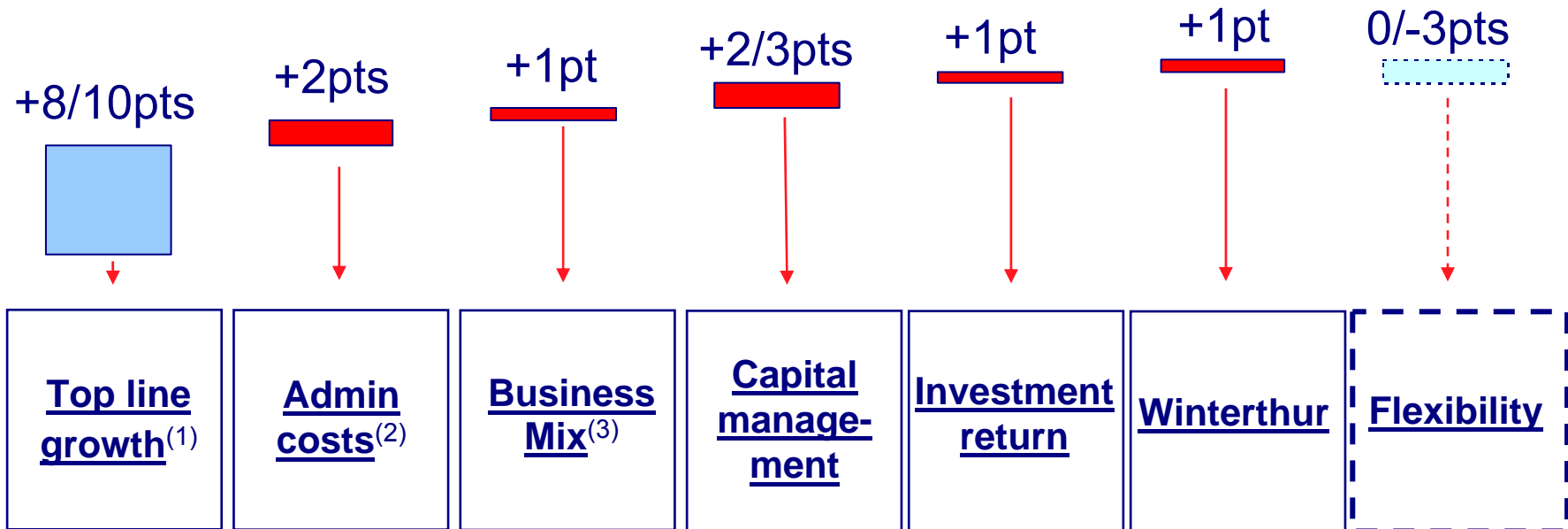
Achievement of Ambition 2012 growth targets implies a growth of **solvency requirements of ca. 7% p.a.** between 2004 and 2012, reflecting the growing weight of less capital intensive businesses, namely Life & Savings unit-linked products and Asset management

Additional flexibility will be used to accelerate EPS growth and will be shared with shareholders

- Available cash flows<sup>(1)</sup> should account for ca. 30% of adjusted earnings by 2012
  
- Achievement of Ambition 2012 targets should give us the flexibility to:
  - ▶ Internally finance accretive bolt-on acquisitions
  - ▶ Continue dilution control program
  - ▶ Increase dividend pay-out

From top line growth to +15% underlying earnings per share growth target

### Underlying EPS - Key value drivers 2004-2012



(1) Combined ratio maintained at 1H06 level to 2012

(2) Administrative costs up ca. 4% p.a.

(3) Life & Savings (UL in reserves from ca. 30% to ca. 40%), Asset Management (Internal / Third party)

- ▶ Revenue growth will depend upon market trends in each market. Earnings growth will be impacted by the performance of equity and bond markets
- ▶ Based on 2005 performance, compound average growth rate required to reach 2012 target is +13.5% (vs. 15% in the initial plan)

In addition, other capital management initiatives will further optimize our financial structure

### ■ Capital market solutions

- ▶ First motor securitization launched in 2005 / Pan-European motor securitization to be launched in 2007
- ▶ Life securitization
- ▶ Mortality & cat bonds
- ▶ Use of hybrid capital to keep hard capital at optimal level

### ■ Traditional insurance risk transfer solutions

- ▶ Reinsurance (Pool / tail risks)
- ▶ Disposals / Run-off

▶ By 2010, Solvency II, which will be based on a more economic assessment of our available capital and solvency requirements, should provide additional flexibility to use capital market solutions

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization


8 : Integration of Winterthur

9 : Human resources

Closing remarks

## Winterthur integration is on the right track...

- Winterthur's performance in 1H06 was in line with expectations:
  - ▶ Gross written premiums up 9% in Life & Savings, 2% in P&C
  - ▶ Net income up 31%
- Integration is running quickly and smoothly, with a central team and local integration committees, supported by group head office
- Antitrust approvals have been obtained, other regulatory approvals are on track
- Target structure of combined AXA+Winterthur entities has been defined, with new CEOs and direct reports already appointed

- 
- ▶ All combined entities will have before year-end a 3-year strategic plan, based on Ambition 2012 organic growth targets
  - ▶ Closing at year-end 06 is confirmed, with purchase GAAP to be released on April 10, 2007

...giving us comfort in our ability to achieve the announced synergies

- First synergies have already been announced in Switzerland
- Winterthur integration will benefit from the efficiency of our global platform
- We are still not taking into account any revenue synergy

▶ Based on the first review of synergies, we have increased by 20% our cost synergies target for Switzerland (40% of the initial assessment of synergies), giving us additional comfort in our global €280 million pre-tax fully phased target

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

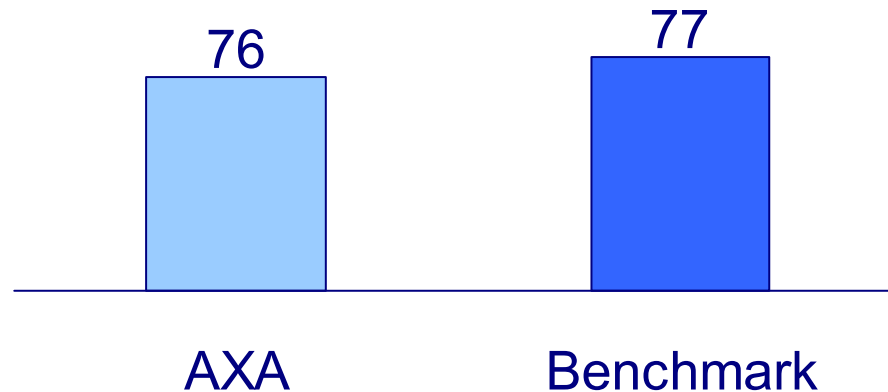
8 : Integration of Winterthur

9 : Human resources

Closing remarks

## Strong employee engagement, comparing well with all-industry benchmark

### AXA Employee engagement compared to High Performing Organizations benchmark<sup>(1)</sup>



(1) Benchmark is made of 27 global groups across industries

- ▶ “Everybody on board”: by mid-2007, each employee will have a Passport 2012, defining how he/she will contribute to Ambition 2012 and how AXA will help him/her achieve this objective
- ▶ We aim to reach 80% of engaged and very engaged employees by 2008 and 85% to 90% by 2012

# AXA Professional Colleges: competence of AXA teams will be instrumental to the achievement of Ambition 2012 targets

- Main features of Colleges
  - ▶ curriculum designed and delivered by AXA experts in partnership with world class researchers (Princeton, Columbia, IMD, Insead, LBS...)
  - ▶ programs provide participants with inputs mixing theory and empirical (AXA) experience
- Objective is to master and constantly update “state-of-the-art” techniques, enhance cross-fertilization and accelerate replication of best practices

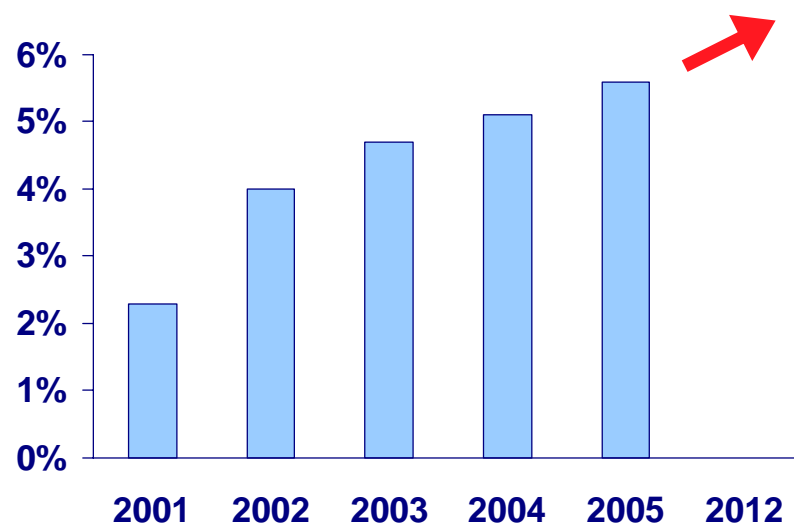
## Deployment plan:

- ▶ Long term target: 5,000 employees (~5% of total headcount)
- ▶ 2006 launch: Risk Management, Accounting & Controlling, Procurement
- ▶ 2007 / 2008 launch: Finance, IT, Legal, Marketing, HR

# Employees' incentives are aligned with Ambition 2012

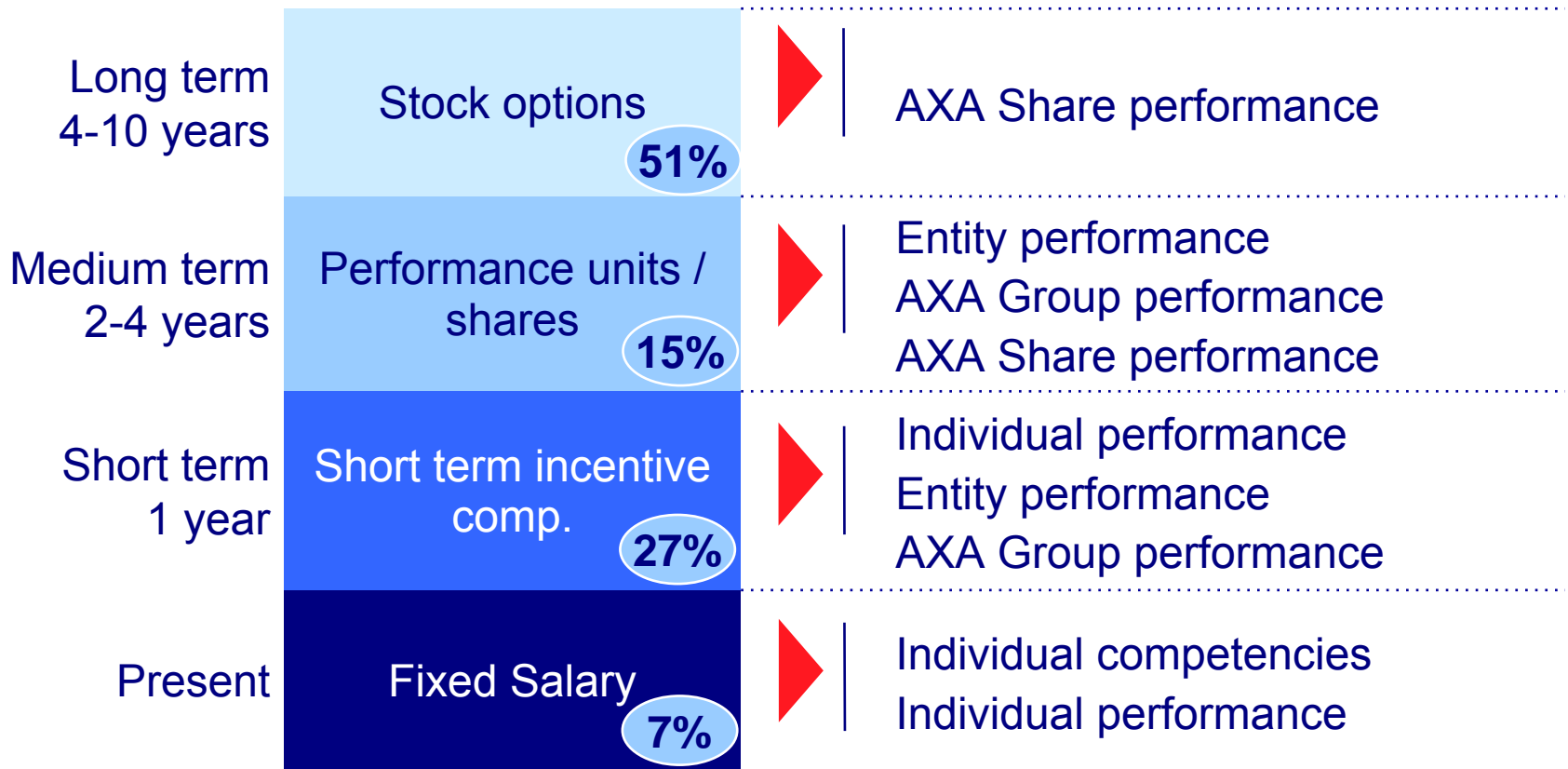
- For all AXA employees 18% of cash remuneration is variable<sup>(1)</sup>
- 5.6% of share capital owned by more than 50,000 employees
- 11,000 employees are beneficiaries of stock options/performance shares

AXA employees share of AXA capital



# Management incentives are aligned with Ambition 2012

- Management incentive compensation are aligned with Ambition 2012 targets (P&C revenues, combined ratio, Life & Savings cash flows, NBV, expenses, underlying earnings, adjusted earnings) and AXA share price



 Breakdown of Management Board members remuneration

# Table of contents

Introduction

1 : Top line growth at AXA France

2 : Distribution management

3 : Top line growth at AXA Financial

4 : Offer innovation

5 : Quality of service

6 : Business efficiency

7 : Financial optimization

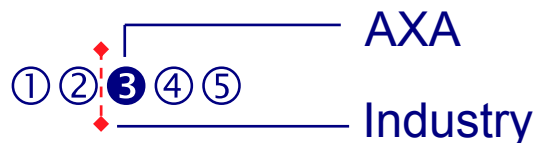
8 : Integration of Winterthur

9 : Human resources

Closing remarks

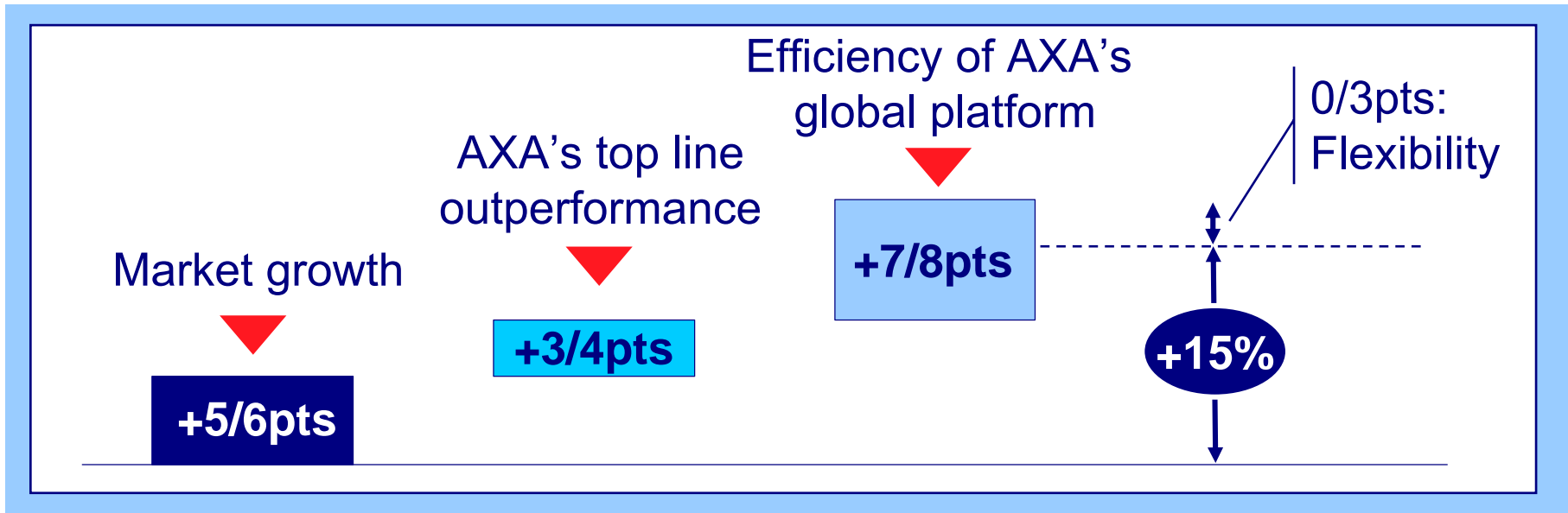
On the road to Ambition 2012, we are progressing on all areas, and there is still a high potential for improvement

Offer innovation	① ② ③ ④ ⑤
Distribution management	① ② ③ ④ ⑤
Quality of service	① ② ③ ④ ⑤
Technical excellence	① ② ③ ④ ⑤
Productivity	① ② ③ ④ ⑤
Leveraging Group & Regional Resources	① ② ③ ④ ⑤
Human resources	① ② ③ ④ ⑤



## We are confident for the future

- Based on what has already been achieved, a 15% compound growth rate of underlying earnings per share between 2004 and 2012 is achievable



- While we are making progress with our differentiation strategy, we do not underestimate what remains to be done to become “the preferred company”

We will come back to you next year  
with further progress on our road to  
Ambition 2012



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*Be Life Confident*

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