Full Year 2006
ACTIVITY REPORT

Cautionary statements concerning the use of non-GAAP measures and forward-looking statements

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Certain statements contained herein are forward-looking statements including, but not limited to, statements that are predications of, or indicate, future events, trends, plans or objectives. 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 other factors that could cause actual results and AXA's 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 of future catastrophic events including possible future weather-related catastrophic events or terrorist related incidents. Please refer to AXA's Annual Report on Form 20-F and AXA's Document de Reference for the year ended December 31, 2005, for a description of certain important factors, risks and uncertainties that may affect AXA's business. AXA undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

Insurance and Asset Management markets

Life & Savings

France. According to the FFSA, in 2006, the increase in gross written premium has been estimated to 17% (of which PEL +9%) vs. +14% in 2005, explained by a strong increase in gross premiums on unit-linked contracts estimated at 45% (49% in 2005) and by an estimated increase of 9% in general account premiums. In the Life market, AXA ranks third.

United States.[1] In the annuity market, variable annuities have been the product of choice with industry sales up 18% through the first nine months of the year, primarily driven by the demand for guaranteed living benefit riders and favorable equity markets. Industry fixed annuity sales continued to decrease (-5%) over the same period as a result of the continued low interest rate and flat/inverted yield curve environment and competition from products such as bank certificates of deposit. In the life insurance market, total life industry sales were up 9% for the first nine months of 2006. Strong and consistent equity market performance buoyed variable life sales (+12%) through the first three quarters of 2006. The variable life business generally lags the movement in the equity market. Sales of life insurance products with fixed returns, such as universal life, continued their strong sales in the first nine months of 2006 with industry universal life sales up 16%. In that same period, fixed whole life insurance sales increased 2%, and term insurance sales increased 3%. AXA gained market share, ranking third in the variable annuity market and ninth in the variable life market for first nine months 2006 (source: VARDS).

United Kingdom.[2] New annualized business (new regular premiums plus 10% of single premiums) were 30% higher than 2005 in the year to September 2006. Continued investor confidence, driven by stock market gains, plus the growing popularity of offshore investment vehicles and fund supermarkets, fuelled significant growth in 'Wealth Management' markets. The simplification of Pensions Legislation in April 2006 (known as A-Day) and the subsequent reviewing of existing arrangements by individuals, delivered a significant boost to new business for providers active in these sectors (although a proportion of this is thought to be one-off in nature). As a result, Self-Invested Personal Pensions (SIPPs) have developed into a mainstream planning solution. A-Day and ongoing reconstructions of final salary schemes also drove Corporate Pensions growth. 'At Retirement' markets received increased attention from providers, including new entrants, attracted by predicted population demographics in the medium to long term. Competitive Protection line volumes were static following premium rate cuts despite ongoing housing market activity. The IFA channel, and slowly emerging multi-tie channel, combined to represent 76% of total market new business.

Japan. The life insurance market continued to grow driven by individual annuity sales sourced from bancassurance distribution channels and Medical sales. This trend is expected to continue as changes in deregulation (notably the postal service privatization), social infrastructure (including a population that is both ageing & declining) and customer sophistication evolve. The continued positive economic environment has contributed to improved solvency and credit standings of most insurers, restoring previously eroded customer confidence in the industry. Foreign life insurers continued to expand their role in the market. Being one of the most mature insurance markets, Japan continues to be a highly competitive market. Well established and mega domestic insurance companies dominate the landscape. However, attracted by the high margin medical market and bancassurance growth potential, some foreign insurers have succeeded in entering the market. This fragmentation of the market together with the revitalization of

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[1] *Please note that the numbers quoted for the market data (life and annuity) are 9M06.*

[2] *derived from Q1-Q3 2006 figures*

the mega domestic insurance companies has led to declining margins. A mid-sized player (10th & 12th in the market based on new business and assets respectively) with a diversified product range and distribution model, AXA Japan is well positioned to profitably grow its market share.

Germany. After the introduction of the German Retirement Earnings Law ("Alterseinkünftegesetz“) in 2005, the market picked up again in 2006. It showed an increase in annuity products and a decrease in endowment products regarding annual premiums for pure life new business (non unit-linked endowments –7.4% to €1.0 billion, non unit-linked annuity products +18.9% to €2.2 billion, unit-linked endowments – 7.8% to €0.5 billion, and unit-linked annuity products +60.2% to €1.2 billion). Among business for single premiums, that grew by 25.4% to €11.4 billion, non unit-linked annuity products are still dominating (+45.4% to €5.2 billion), followed by non credit-linked collective insurance (-8.1% to €2.4 billion), bank-like savings products ("Kapitalisierungsgeschäfte") (+1.6% to €1.4 billion) and unit-linked annuity products (+605.8% to €0.8 billion). New business for "Pensionskasse" (current premiums) decreased by 35.3% to €0.3 billion after losing tax advantages compared to individual pension plans ("Direktversicherung") that are easier transferable. GWP of pensions funds (Type "Pensionsfonds") increased by 649.0% to €0.8 billion, which was caused by a single contract in the market in Q4. Also in the future, an ongoing need to replace defined benefit systems is expected to push group life pension products in general. The core products of the Retirement Earnings Law ("Alterseinkünftegesetz"), the "Rürup" pensions, seem to gain acceptance at last. Current regular premiums increased by 59.5% to €0.4 billion (thereof 59.2% unit-linked). In 2006 2.0 million contracts of the also highly regulated "Riester"-products were sold (+78.9%). The current regular premiums increased by 206.5% to €1.38 billion. Premiums were affected by a raised government aid this year which resulted in a significant growth. The regular premiums of cashed-in contracts increased only by 120.7% to €0.78 billion. The development of private health insurance is marked by two influences: on one hand, ongoing difficulties in the public health insurance system continue to push private health insurance. On the other hand, the increases of the income threshold in 2003, fixed by the health reform, complicated the switch from public to private. This is the reason why mainly civil servants and self-employed contribute to the market growth. In consequence, it lowered the market potential for full coverage and resulted in a strong decline of net new inflow for this type in 2006. Supplementary insurance, however, increasingly meets demand. But the increase in gross written premiums by 4.2% in Q1-Q3 mainly reflects rising premiums per contract. In the Life market AXA ranks eighth with a market share of 4%[3] and in Health, AXA is tenth with a market share beyond 3%[4].

Belgium. On the retail market, significant shifts occurred in 2006. The main ones were the decrease in the national savings rate, the introduction of a new insurance front-tax (1.1%) and the increase of the tax deductibility on the pension schemes premiums. This context clearly intensified the competition in the Life & Savings business. While AXA Belgium is very well positioned in these markets due to its investment capacities and its marketing skills, new product developments are required to sustain business growth. The market downturn in 2006 was spectacular in Individual Life, especially for Non-Unit-Linked market (forecast 2006 -18% compared to +11% in 2005) but also in Unit-Linked products (forecast 2006 +2% compared to +127.5% in 2005). Nonetheless, AXA Belgium managed to increase its market share thanks to the robustness of its *Crest* product line as well as the launch of competitive unit-linked products.

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[3] *derived from Q1-Q3 2006 figures*

[4] *derived from Q1-Q3 2006 figures*

The corporate market in retirement and savings was rather stable in 2006, most insurance companies adjusting their existing plans (to comply with *Loi de Pension Complémentaire)*. In Disability and Health, volumes remained stable while prices decreased.

Southern Europe. In Spain, socio-demographic evolution results in an ageing population, partly mitigated by recent influx of immigration, which now represents 7% of total country population. An increasing awareness of the need for retirement savings is observed. New tax law to be introduced in 2007 wipes out fiscal advantages of life insurance versus other forms of saving, and had a unfavorable impact on sales of unit-linked products. However, the new law also appears to favor annuities, for which insurers are better positioned than banks. In Italy, 2006 market forecast in Life & Savings (IAMA Source as of October 2006) shows a 5% new production decrease, with bank channels decreasing by 7% and agent networks at the same level as previous year. In Portugal, insurance activity has been facing an unfavorable economic environment. Portuguese economy has passed through a declining trend in the recent years, reaching recession in 2003. Since then, the recovery seems fragile. However, the government programs, namely, the new social security contribution schemes, the expected labor legislation towards increasing flexibility, the educational, health and technological plans, will have a medium term impact on insurance activity as new insurable markets are expected to emerge. In Spain, AXA is placed as 12th market player (before Winterthur integration). In Italy, AXA is ranked 13th, in a very concentrated market. In Portugal, where the market is dominated by bancassurance, AXA is ranking 7th (data September 2006).

Australia / New Zealand. Regulatory change and complexity, the continuing shift of financial responsibility from Government to individual and the poor savings behaviors of most households are driving demand for quality financial advice and, in turn, the need for comprehensive support services for advisers. Growth in the wealth management product markets in Australia and New Zealand continues to be driven by the ageing population, government support for self-funded retirement and strong investment markets. Major regulatory changes in both countries in 2006 aimed at encouraging retirement savings are expected to maintain momentum with market growth rates forecast before these changes of 9-13% pa. Financial protection product markets are underpinned by rising incomes, asset appreciation and widespread under-insurance, with expected growth rates of 6-7% pa. Both Australia and New Zealand have open, competitive and relatively concentrated markets. The top 10 companies account for around 60% of retail funds under management, 80% of net retail funds flow and close to 90% of new and in-force annual premiums in Australia. AXA is ranked 1st in New Zealand and 6th in Australia for retail wealth management and is 3rd in financial protection in both countries. AXA is unique amongst major competitors in operating across the entire wealth management and financial protection value chain – asset management, products, platforms, adviser services and financial advice. With open competition at each stage of the value chain, this end-to-end presence allows AXA to capture more overall margin and makes us less sensitive to the shifting of margin between different parts of the value chain.

Hong Kong. The economy of Hong Kong continued to grow in 2006 with GDP growing by 5.8%[5] and Hang Seng index growing by 34.2% in 2006. Hong Kong remains a very attractive life insurance market, with high profit margins, high savings ratios and moderate life insurance penetration. Individual life market new business sales increased by 19%[6] for the nine months to September 2006. AXA has also been seeing the emergence of wealth management. The Mandatory Provident Fund (MPF) and the huge level of bank savings mean that wealth management and financial advice have strong growth potential. Now in its sixth year, the Hong Kong workforce has shown increasing interest towards their MPF benefit and there

[5] *3rd quarter 2006, year-on-year % change in real terms*

[6] *OCI, September 2006, combining HSBC and Hang Seng (given common ownership). Market statistics must be used with caution, they are not sanctioned or audited and comparisons with previous years do not fully reflect the true trends in the market place.*

have been increasing numbers of changes in MPF providers. Life insurance premiums have increased over the past few years partly because of growing product options and the entry of banks and new distribution channels to the market. Hong Kong life insurance market is relatively concentrated, 61% of individual life new business sales are contributed by the top 5 companies. Following the acquisition of MLC Hong Kong in May 2006 and strong organic growth, AXA is now number four for inforce premiums and for new business.[7]

Property & Casualty

France. After 5 consecutive years of accelerated growth from 1999 (2%) until 2003 (8%), market's premium growth reduced slightly to 4% in 2004, 2% in 2005 and an estimated 2% in 2006. Household is expected to grow by 4.5% (+5% in 2005) whereas market should stay flat in Motor. In the property & Casualty market, AXA is the first player.

United Kingdom and Ireland. The UK market has continued to be soft, causing difficult underwriting conditions throughout the market. This has made rating increases and the retention of business difficult. Within Personal Lines, Household and Healthcare have shown significant growth largely due to new business deals. Commercial Lines have seen lower growth due to the ongoing competitiveness in acquiring new business contracts. In Ireland, the Motor market also remained soft with intense competition leading to a fall in average premium.

Germany. In the first nine months 2006, total business decreased by 1.3% (to €44.1 billion). Due to this, the combined ratio in Property & Casualty is expected to increase to 94%. In motor lines, an intensive price competition went on, initiated by the big players to keep or regain market share. Therefore, in these lines, gross written premiums decreased by 4.0% to €19.2 billion in the first nine months 2006. Despite partially high claims ratio increases in industrial property lines (but still keeping combined ratios below 100%) the gross written premiums decreased by 3.1% (in the first nine months 2006). The number of contracts is expected to remain stable in 2006 compared to previous year. Regarding retail dominated non-motor lines, volume increased by only 0.8% in the first nine months 2006 as penetration is already high. However, the gross written premiums for these lines increased in a range from -4.2% (assistance) to 3.3% (accident) in the first nine months 2006. In the P&C market AXA ranks eighth with a market share above 4%[8].

Belgium. The Property & Casualty market 2006 growth rate was fuelled by the introduction of the natural peril coverage. The motor market which represents 34% of total Property & Casualty should grow by 1.3% while household premiums should rise by 5.9% (natural peril). The Workers' compensation market should confirm its growth pace in 2006 with 3.6% (vs. 3.0% in 2005). In Property & Casualty Corporate, increased competition leads to pressure on average premiums. This is particularly true in Workers Compensation, Household and Motor. AXA continued to rank first in the market.

Southern Europe. In Spain, the sales in motor car industry reached successive records level over past years, even though a recent slow down of the growth is noticeable. This has helped to develop comprehensive motor insurance market as well as insurance solutions for renting. The on-going development of non-motor insurance lines, such as household, private health cover, accidents, compensated the lower growth in motor. In Italy, market 2006 forecast in P&C (ANIA Source) shows a +2.7% gross written premiums increase (motor +1%, property +5%, health +6,6%). In Portugal, insurance activity has been facing an unfavorable economic environment. Portuguese economy has passed through a declining trend in the recent years, reaching recession in 2003. Since then, the recovery seems fragile. The

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[7] 3rd quarter 2006, year-on-year % change in real terms

[8] derived from Q1-Q3 2006 figures

new relevant legislation on clams handling, premium collection, agents' law or discrimination against disease or deficiency should have significant impacts on insurance activity. In Spain, AXA is placed as 3rd market player, in Italy, AXA is ranked 9th on the market, and in Portugal, AXA is ranked 2nd with a 9% market share, after the integration of Seguro Directo, purchased at the end of 2005.

International Insurance

AXA Corporate Solutions is the AXA Group subsidiary dedicated to Property and Casualty insurance of major European companies, and to Aviation and Marine insurance worldwide. After several years of rate increases and restructuring of large corporate insurance programs, underwriting conditions on large risks insurance market softened in 2005 and 2006. In 2006, this trend was also fuelled by a lack of major natural disasters. In Property and Casualty insurance, AXA Corporate Solutions revenues grew significantly in 2006. AXA Corporate Solutions pursued its development in property insurance business targeting risk managed accounts on selected industry sectors. Growth in revenues was also due to the development of construction insurance. In marine and aviation, one-off elements and negative change impacts explained a decrease in revenues in 2006 after a significant increase in 2005. Despite recent pressure on price, growth outlook remained positive considering an ongoing increase in air traffic worldwide and a booming shipping industry, particularly in Asia. AXA Corporate Solutions is among the top five large corporate risks insurers in Europe.

Asset management[9].

In 2006, total long-term stock, bond and hybrid fund net inflows were $226 billion for 2006, compared with $192 billion for 2005. Specifically, stock net inflows increased 16% and bond net inflows increased 95% reflecting the continuing demand for retirement savings products such as life-style funds, asset allocation funds, and target maturity funds. The strong performance of funds investing in foreign stocks and the depreciation of the dollar also continued to attract strong demand for U.S. stock funds investing abroad. In addition, strong market appreciation of +13.6% for the S&P 500 U.S. Equity Index, +13.5% for the MSCI World Equity Index and +15.9% for the MSCI Europe Index increased assets under management. Favorable demographics continue to support industry expansion as financial advisors and planners continue to recommend mutual funds as the primary investment vehicle for retirement plans. A growing theme among investors is to focus on products with income distribution characteristics.

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[9] *Please note that the numbers quoted for the market data are 9M06.*

Market conditions in 2006

Financial markets

The major stock markets ended the year on an upbeat note. The equity markets posted double-digit growth in 2006, for the fourth year in a row, and fixed-income securities turned in slightly positive performances in the year.

The global economy slowed down, but it remained robust nonetheless, driven both by the United States and the emerging countries—especially China, which has once again posted gross domestic product growth in excess of 10% in 2006. In the United States, growth slowed down off slightly in 2006, to around 3.3%, while the Euro zone saw a marked improvement in its economic situation during the year.

Against this backdrop, monetary policies played a key role in 2006 with most of the world's countries embarking on a course of monetary tightening in 2006. The European Central Bank continued to harden its policy stance gradually, taking the repo rate from 2.25% in the early part of the year to 3.5% in December. In the United Kingdom, the Bank of England adjusted its policy twice, bringing the base rate to 5% in November. Japan ended its policy of 0 % interest rates in July, raising its intervention rate to 0.25%, marking the beginning of the process to normalize its monetary policy.

STOCK MARKETS

Throughout the year, the Dow Jones advanced by 16.3%, the S&P 500 by 13.6%, the NASDAQ by 9.5%, the Stoxx 50 by 11.3%, the DAX by 23.1%, the CAC by 18.9%, and the FTSE by 11.6%. The Nikkei was the biggest disappointment in 2006, gaining a mere 5%, after having advanced by 40% in 2005. Equity markets in emerging countries posted good performances in general, with China (+83%), Argentina (+67%) and Russia (+56%) standing out.

BOND MARKETS

The 10-year Treasuries climbed during the first part of the year, reaching as high as 5.25% before falling as the economy began to lose steam and the Fed ended its round of monetary tightening. Overall, government bonds performed in barely positive territory, with a marked outperformance of the United States. The performance of indexed bonds was comparable to that of nominals.

On the credit side, sustained growth, low volatility, solid credit quality and buoyant technical elements all helped to boost corporate bonds, which ended the year up by 5% on average.

EXCHANGE RATES

Compared to December 31, 2005, the Dollar lost nearly 12% against the Euro (Closing exchange rate moved from 1.18$ at the end of 2005 to 1.32$ at the end of December 2006). The same was true for the yen at September 2006 but to a lesser extent (Closing exchange rate moved from 136.3 yens at the end of September 2005 used for Full Year accounts to 149.3 yens at the end of September 2006).

On an average rate basis, the Dollar lost 1% against the Euro (from 1.25$ over 2005 to 1.26$ over 2006), whereas the yen lost 5 % against the Euro at September 2006 (from 136.3 yens for the twelve months to September 2005 used for Full Year accounts to 142.9 for the twelve months to September 2006).

December 31, 2006 operating highlights

Significant acquisitions and disposals

ACQUISITIONS

AXA Canada had announced on November 29, 2005, that it had entered into an agreement to buy Winterthur Canada Financial Corporation, whose main asset was **The Citadel General Assurance Company ("Citadel")**. The acquisition was financed internally by the AXA Group. The transaction closed in March 2006. The purchase price amounted to €221 million, and the related goodwill to €99 million.

On May 8, 2006, AXA Asia Pacific Holdings announced it had completed the acquisition of **MLC Hong Kong** and **MLC Indonesia**. Each of the two purchases was subject to regulatory approval. Approvals were obtained for both purchases and completion occurred on terms consistent with AXA APH's February 21, 2006 announcement of the proposed purchase. The purchase price amounted to €340 million. Related intangibles amounted to €309 million, of which €115 million of goodwill and €194 million Value of Business in Force (net of tax).

On May 15, 2006, AXA announced **the squeeze-out of the minority shareholders of its German** subsidiary AXA Konzern AG, whereby it would acquire the 3.2% of AXA Konzern shares it did not already own at a price of €134.54 per ordinary share and preference share. The resolution of the squeeze-out was endorsed at the Annual General Meeting of AXA Konzern on July 20, 2006.

As announced on December 21, 2005, AXA made a voluntary public offer between January 9, 2006 and February 27, 2006 to purchase the minority shares of its German subsidiary **AXA Konzern AG** ("AXA Konzern") from minority shareholders at a price of €129.30 per ordinary and preference share. AXA reached a direct and indirect holding of 96.8% of the share capital of AXA Konzern as of the end of the offer period, thereby exceeding the 95% threshold that is a condition to launching a minority squeeze-out. Under the terms of the voluntary public offer, shareholders who tendered their shares to AXA at €129.30 per share during the offer period would also benefit from the higher squeeze-out price of €134.54 per share. At the end of December, the corresponding ownership rate of the group in the German subsidiaries amounted to 96.84% generating an additional goodwill of €92 million.

AXA proceeded with a squeeze-out of the 0.44% minority shareholding in Kölnische Verwaltungs-Aktiengesellschaft für Versicherungswerte AG ("KVAG") at a price of €2,042.01 per ordinary share. The principal asset of KVAG was a 25.6% stake in AXA Konzern's share capital. The resolution of the squeeze-out was endorsed at the annual general meeting of KVAG, held on July 21, 2006. The total investment to reach a 100% ownership in both Axa Konzern and KVAG starting from the situation as at January 1, 2006 amounted to €309 million. A part of this amount remained to be paid in 2007 as the registration of the squeeze out is subject to various procedures according to German law.

In order to further streamline the organization in Germany, AXA Konzern launched in parallel the squeeze-out of the minority shareholders of its listed life insurance subsidiaries. Upon the completion of these transactions, AXA would own directly or indirectly 100% of all its German subsidiaries.

AXA announced on June 14, 2006 that it had entered into a definitive agreement with Credit Suisse Group under which AXA would acquire 100% of **Winterthur** for CHF12.3 billion (€7.9 billion) to be paid in cash.

In addition, AXA refinanced CHF1.1 billion (€0.7 billion) of internal loans redeemed to Credit Suisse as of the closing date.

Winterthur's operations complement and strengthen AXA's distribution channels and product range, while further increasing AXA's geographic diversification, by both strengthening its European franchise and increasing its presence in high growth markets.
AXA secured the total financing of the acquisition of Winterthur through:

- €4.1 billion capital increase resulting in the issue of 208,265,897 new shares (see Capital operations below for more details)
- €3.8 billion of perpetual deeply subordinated note issues (see Capital Operations below for more details)
- €0.7 billion financed through internal resources.

On December 22, 2006, AXA received all necessary regulatory approvals and consequently closed the acquisition of Winterthur.

On December 22, 2006, AXA Asia Pacific Holdings (AXA APH) reached an agreement with AXA SA to acquire **Winterthur Life Hong Kong Limited (WLHK)**. This followed the announcement of the completion of AXA SA's acquisition of the Winterthur Group from Credit Suisse.
AXA APH will acquire WLHK for consideration in the range of HK$1.7 billion to HK$2.4 billion ($AUD 278 million to $AUD 393 million). HK$1.9 billion ($AUD 311 million) will be payable on completion. This amount will be subject to an adjustment based on the future performance of the business measured in 2009.
AXA APH will be seeking shareholder approval for this acquisition at the Annual General Meeting in 2007. In addition, AXA APH has declined the opportunity to acquire Winterthur's Indonesian life insurance operations and Japanese operations.

On October 16, AXA entered into **an agreement with Alpha Bank** to acquire its insurance subsidiary Alpha Insurance for €255 million. AXA and Alpha Bank signed a long–term exclusive agreement to pursue and strengthen the existing bancassurance partnership. Alpha Insurance is one of the top ten composite insurers on the Greek market with solid positions on profitable segments and a strong distribution network. Alpha Insurance recorded revenues of €151 million in 2005. It will be integrated to AXA's Mediterranean Region platform upon completion of the acquisition which is subject to regulatory approvals in Greece.

On October 23, AXA UK announced that it has reached agreement with the Board and two main institutional shareholders of Thinc Destini to acquire the entire share capital of **Thinc Destini**. AXA UK will be acquiring Thinc Destini using a newly created company, Advisory Services Limited ("ASL"). Under the terms of the agreement with the two main institutional shareholders and the Offer, the shareholders of Thinc Destini will share up to £70 million based primarily on the financial performance of the business during 2009. The maximum amount is subject to certain deductions as detailed in the terms of the Offer. AXA UK has also agreed to fund the repayment of Thinc Destini's existing indebtedness, which arose primarily due to Thinc Destini's acquisition of a number of IFA businesses, and provide further working capital to the Thinc Destini Group, up to an aggregate amount of £30 million. The transaction, which was subject to the satisfaction or waiver of certain conditions, including the Offer being accepted by Thinc Destini ordinary shareholders holding at least 90 per cent of the issued Thinc Destini ordinary shares, has closed on November 10, 2006.

On December 14, 2006, ONA and AXA had entered into an agreement for the buy-out of ONA's 49% share in the capital of **AXA-ONA** (the holding company of AXA Assurance Maroc). The transaction values AXA-ONA at MAD 6.382 billion (revised value, €573 million with December 31 2006 exchange rate) for 100% of its share capital and will be financed locally. This agreement is an opportunity for AXA Assurance Maroc to reinforce its integration in the AXA Group. Closing of this transaction is subject to regulatory approvals. Upon its completion, AXA Assurance Maroc will be 100% controlled by AXA. As at December 31, 2006, AXA's ownership interest and voting right percentages in AXA Assurance Maroc are both 51%.

DISPOSALS

AXA initiated in 2006 a strategic review regarding the future of its reinsurance activity, currently underwritten by **AXA RE** and reported in the "International Insurance" segment. Following the receipt of a binding offer on April 6, 2006 and consultation with the relevant workers' councils, AXA announced on June 6, 2006 the signing of a definitive agreement to cede **the business of AXA RE** to Paris Re Holdings Limited.

On December 21, 2006, AXA completed the sale of AXA RE's business to Paris Re Holdings, in which AXA had taken a 3.4% stake. Under the terms of the agreement, the business of AXA RE has been ceded to Paris Re Holdings, with the risks and corresponding net income related to AXA RE's 2006 claims experience accruing to Paris Re Holdings. This transaction generated a capital gain of €66 million net of tax on the business ceded. AXA guarantees the reserves pertaining to losses incurred on or before December 31, 2005. Starting with 2006 accounts, the accounting results of AXA RE accruing to the AXA Group will mainly comprise the impact of the loss reserve developments on the corresponding run-off portfolio and will be reported in the Other International Insurance segment.

Capital and financing operations

CAPITAL OPERATIONS

During the first semester of 2006, AXA pursued its **share purchase program** to control dilution arising from 2005 share-based compensation and employee Shareplan program and purchased 12.7 million shares for a total amount of €0.35 billion.

AXA announced on July 11, 2006 the completion of a €4.1 billion **capital increase** (1 new share for 9 previously held at a price of 19.8 euros per share) to finance part of the Winterthur acquisition, resulting in the issue of 208,265,897 new shares. The settlement and listing of the new shares on the Eurolist market of Euronext Paris took place on July 13, 2006. The new shares are eligible for any future dividend distributions, including the dividend paid in 2007 in respect of fiscal year 2006 earnings.

As part of the financing of the acquisition of Winterthur, AXA placed on July 6, 2006, **a triple-tranche Euro and Sterling perpetual deeply subordinated notes** for a total amount of approximately €2.2 billion, of which Euro 1 billion for the Euro Perpetual Non-Call 10 year tranche (issued at a spread of 150 bps over Euribor), GBP 500 million for the Sterling Perpetual Non Call 10 year tranche (issued at 150 bps over Libor) and GBP 350 million for the Sterling Perpetual Non Call 20 year tranche (spread of 175 bps over Libor).

AXA also placed in October 2006 a triple-tranche **Australian perpetual deeply subordinated note issue** for a total amount of $AUD 750 million (approximately €0.5 billion).

On December 11, 2006, AXA priced a two-tranche **US$ perpetual deeply subordinated note issue** for a total amount of US$1.5 billion (approximately €1.1 billion) of which US$750 million for the US Dollar

Perpetual Deeply Subordinated Non-Call 12 year tranche and US$750 million for the US Dollar Perpetual Deeply Subordinated Non-Call 30 year tranche.

For several years, the AXA Group has been offering to its employees in and outside of France, the opportunity to subscribe for shares issued by way of a capital increase reserved for employees. In 2006, employees invested a total of €375 million leading to a total issuance of 15.5 million newly issued shares. Employee shareholders represented approximately 4.98% of the outstanding share capital as of the end of 2006.

FINANCING OPERATIONS

In 2006, in order to further protect the Group net assets denominated in U.S. dollars, AXA implemented a U.S.$ 2 billion foreign exchange hedge, at an average rate €/$ of 1.25. Overall US Dollar 11.1 billion group net assets are hedged at an average rate of €/$ 1.17.

At June 30, 2006, in order to hedge the acquisition price of Winterthur, AXA implemented foreign exchange forwards denominated in Swiss francs for CHF7.3 billion.

Other operations

On November 13, 2006, AXA completed its first **mortality risk securitization transaction** by the implementation through a special purpose vehicle, "OSIRIS Capital plc", of a €1 billion shelf program in order to transfer mortality risk to the capital markets. This shelf program is a flexible and efficient structure to diversify sources of cover for the Group's mortality risk exposure by benefiting from the broad capacity of capital markets. In this framework, AXA announced the placement of notes indexed to mortality levels in France (60% of the combined index), Japan (25%) and the US (15%), for a total amount of circa €345 million in four different tranches rated AAA, A-, BBB, BB+.

Events subsequent to December 31, 2006

On January 4, 2007, AXA reached an agreement with QBE Insurance Group for the sale of **Winterthur's US operations** for US$1,156 million (€920 million taking into account hedges put in place by AXA for this transaction at 1 Euro=1.26 US$). In addition, Winterthur US will repay US$636 million of which US$79 million have been repaid in Q4 2006 (€506 million taking into account hedges put in place by AXA for this transaction at 1 Euro=1.26 US$) of inter-company loans to Winterthur Group. This transaction follows AXA's decision to put Winterthur US operations under strategic review, as initially announced on June 14, 2006. The transaction is subject to necessary regulatory approvals and is expected to close during the second quarter of 2007.

On January 11, 2007, the meetings of holders of **AXA's 2014 and 2017 convertible bonds** were held to vote on an amendment of the final conversion dates of the bonds to January 26, 2007 in exchange for a cash payment in respect of the value of the conversion option.

The meeting of holders of the 2014 convertible bonds approved the amendment. Consequently, holders who did not convert their bonds by January 26, 2007, received €16.23 per bond on January 31, 2007. The meeting of holders of the 2017 convertible bonds did not approve the amendment. Consequently, to fully neutralize the dilutive impact of the 2017 convertible bonds AXA has purchased from a banking counterparty, for a total cash amount equivalent to the payment proposed to bondholders, call options on the AXA share with an automatic exercise feature. This feature is such that one option is automatically exercised upon each conversion of a convertible bond. Consequently, each issuance of a new share resulting from the conversion of the bond will be offset by the delivery by the bank to AXA (and subsequent cancellation) of an AXA share ; The issuance of a share in respect of the conversion of the bond and the cancellation by AXA of the AXA share received will offset each other. As a result of this transaction, there will no longer be a change to the outstanding number of AXA shares created by the convertible bond conversion.

For AXA shareholders, these transactions resulted in the elimination of the potential dilutive impact of the 2014 and 2017 convertible bonds (i.e. a maximum of 65.8 million shares). The total cash consideration paid by AXA amounts to €245 million.

On January 12, 2007, AXA UK announced that it has reached agreement with **insurance brokers Stuart Alexander and Layton Blackham** to acquire both businesses. AXA UK will be acquiring both firms through its subsidiary Venture Preference Ltd which already owned 38.9% of Layton Blackham. The two companies are to be combined and will have considerable autonomy to develop the business and will maintain independent broking status. Quality accounts with current insurers will be maintained and grown. The total cash consideration paid for 61.1% of Layton Blackham and 100% of Stuart Alexander amounts to £58.5 million.

On February 7, 2007, AXA UK announced that it is to acquire the UK’s only 100% online insurer, **Swiftcover**, jointly owned by international insurer Primary Group and Swiftcover’s management. The transaction is subject to the satisfaction or waiver of certain conditions including regulatory approval. Swiftcover is a business on the UK personal direct market, with net inflows of 120,000 policies in 2006. The upfront cash consideration for Swiftcover amounts to £75 million, with an additional potential earn out of £195 million maximum over the next 4 years, based on policy volume and combined ratio level.

In connection with **AllianceBernstein**'s acquisition of the business of SCB Inc., formerly known as Sanford C. Bernstein, Inc., in 2000, AXA Financial Inc. entered into a purchase agreement under which certain former shareholders of Sanford Bernstein have the right to sell ("Put") to AXA Financial, subject to certain restrictions set forth in the agreement, limited partnership interests in AllianceBernstein L.P. ("AllianceBernstein Units") issued at the time of the acquisition.
As of the end of 2006, AXA Financial, either directly or indirectly through wholly owned subsidiaries, had acquired a total of 24.5 million AllianceBernstein Units for an aggregate price of approximately $885.4 million through several purchases made pursuant to the Put. AXA Financial completed the purchase of another tranche of 8.16 million AllianceBernstein Units pursuant to the Put on February 23, 2007 for a total price of approximately $746 million. This purchase increased the consolidated economic interest of AXA Financial, Inc. and its subsidiaries in AllianceBernstein L.P. by approximately 3% from 60.3% to 63.3%.

On March 16, 2007, AXA reached an agreement with Kyobo Life to acquire its 75% stake in **Kyobo Auto** which has a leading position in the South Korean direct motor insurance market with revenues of KRW 346 billion (€278 million) and a market share above 30%. Following this acquisition, the AXA Group will serve over 2 million clients through its direct distribution P&C operations worldwide. Completion of this transaction was subject to local regulatory approvals.

On March 19, 2007, AXA Holdings Belgium SA reached an agreement with **ELLA** Holdings Ltd and its main shareholder Royalton Capital Investors to acquire 100% of the Hungarian retail bank ELLA and its affiliates. Originally specialized in on-line banking and today the fastest growing bank in Hungary, ELLA is the 6th largest supplier of mortgage loans in the country with total assets of €375 million. The combination of AXA Hungary’s operations, the 5th largest company in the pensions market; with those of

ELLA Bank shall duplicate the successful business model of AXA in Belgium. Completion of this operation was subject to required regulatory approvals.

On March 23, 2007, **AXA and BMPS** reached an agreement for the establishment of a long term strategic partnership in life and non-life bancassurance as well as pensions business. AXA will acquire:

- 50% of MPS Vita (life and savings) and MPS Danni (P&C);
- 50% of BMPS open pension funds business;
- Management of insurance companies assets (€13 billion as of year-end 2006) and open pension funds assets (€0.3 billion as of year-end 2006).

The partnership will be the sole platform for developing AXA’s and BMPS’s operations in the Italian bancassurance and pensions market including any new distribution channel. The objective of the transaction is to further strengthen and consolidate the competitive position of the joint operations in life and non-life bancassurance and increase their profitability by: i) leveraging AXA specific know-how to capture fully the growth potential and develop a leading position in the Italian pensions market and ii) fully exploiting the potential of BMPS’s franchise, improving the product and service offer, and achieving higher efficiency and commercial effectiveness.
Total cash consideration to be paid by AXA in this transaction is €1,150 million and will be financed with internal resources.
The closing of the transaction is subject to regulatory approvals.

Consolidated Operating results

Consolidated gross revenues

Consolidated Gross Revenues (a)

(in euro million)	FY 2006	FY 2005	FY 2004	FY 06/05
Life and Savings	50 479	45 116	42 344	11,9%
of which Gross written premiums	*48 786*	*43 496*	*41 103*	*12,2%*
of which Fees and revenues from investment contracts with no participating feature	*608*	*509*	*417*	*19,5%*
Property & Casualty	19 793	18 874	17 852	4,9%
International Insurance (b)	3 716	3 813	3 363	-2,5%
Asset Management	4 406	3 440	3 084	28,1%
Other Financial services (Net banking revenues) (c)	381	428	387	-10,9%
Holding companies activities	0	0	0	-
TOTAL	**78 775**	**71 671**	**67 031**	**9,9%**

(a) Net of intercompany eliminations

(b) Including AXA RE.

(c) Excluding net realized capital gains and change in fair value of assets under fair value option and derivatives, net banking revenues and total consolidated revenues would respectively amount to €393 million and €78,793 million for the period of December 31, 2006.

Consolidated gross revenues for full year 2006 reached €78,775 million, up 9.9% compared to previous period.

Excluding the restatements to comparable basis, of which the impact of the appreciation of the Euro against other currencies (€423 million or 0.6 point, mainly from the Japanese Yen and US Dollar), and scopes differences, notably the restatement of AXA RE business (€234 million or 0.6 point), **gross consolidated revenues were up 11% on a comparable basis.**

Total life New Business APE[10] reached €6,234 million, up 13.9% compared to full year 2005. On a comparable basis, Group New Business APE increased by 14.8%. This growth was attributable to all significant countries except Belgium.

France new business APE increased by 14% to €1,231 million with Individual business up 12% and Group business up 21%. Individual business growth was largely driven by unit-linked Investment & Savings up 31% to represent 38% of Individual savings as well as by the 33% increase in individual Life and Health thanks to the successful launch of new products in proprietary channels (Héliade and Prêt-à-Protéger) and new Health offers targeting families and independent workers. Group new business benefited from some large non unit-linked single premiums.

The United States APE increased by 14% to €1,922 million mainly attributable to Variable Annuity (+17%) and Individual Life (+18% excluding COLI -Corporate Owned Life Insurance-). Excluding Fixed Annuities, COLI and mutual funds, APE was up 17% with a 51% increase in Variable Annuity distributed through the wholesale planner channel.

Japan APE increased by 16% to €651 million following the growth in individual business (+18% to €627 million), driven by strong sales of Increasing Term products and SPA (saving product), partly offset by the continued declining momentum in LTPA sales. Group business decreased by 26% driven by lower Mutual Aid sales.

In the United Kingdom, new business APE was up 38% to €1,134 million driven by strong growth in Investment & Savings (+55%) largely due to sales of unit-linked investment bond, particularly offshore bonds in the fourth quarter of 2006, following enhancements to the offshore bond products during the year. Pension business also continued to demonstrate strong growth in the wake of A-day (+29%).

[10] *Annual premium equivalent is New regular premiums, plus one tenth of Single premium, in line with Group EEV methodology. APE is Group Share.*

Germany APE increased by 6% to €287 million. Restated from the backlog effect in 1Q05 linked to a change in tax regulation in 2004, APE increased by 29% mainly driven by Investment & Savings unit-linked products (especially Twinstar) and Health business (notably following the launch of a new Medical Cost Insurance product).

Benelux new business APE declined by 9% due to Belgium APE down 11%, (or -8% excluding the impact of the termination of the distribution agreement with "La Poste" in the second quarter of 2005), mainly due to a decrease in non unit-linked product sales (notably Crest), as a new tax on premiums introduced in early 2006 triggered exceptionally high sales in December 2005 and a significant decrease of the whole market in 2006. Netherlands APE was up 6% notably driven by Group pension business.

Southern Europe new business APE was up 2% to €143 million, driven by the 20% growth in proprietary channels which more than offset the 28% decline in non-proprietary channels linked to the termination in May 2005 of a bancassurance agreement in Spain. Overall, while single premium products were down 15%, regular premium products benefited from new product launches in 2006.

Australia/New Zealand new business APE remained nearly stable as strong growth in the superannuation and investment fund inflows were offset to a large extent by a decrease in the more volatile international equity mandates into the JV with AllianceBernstein (which included two large mandate wins in 2005). Excluding AllianceBernstein mandates, APE was up 13%.

Hong Kong new business APE was up 28% on a comparable basis to €100 million benefiting from (i) the increase in Individual Life regular premiums, notably through the broker channel, (ii) strong growth in single premium unit linked products and (iii) new unit trust products sold through bank distribution agreements.

Property & Casualty gross written premiums were up 4.9%, or +4.3% on a comparable basis to €19,793 million**,** mainly driven by **United Kingdom & Ireland (+7% to €4,721 million), France (+4% to 5,187 million), Southern Europe (+4% to €3,152 million), Turkey (+20.5% to €507 million), Morocco (+17% to €163 million) and Japan (+20% to €158 million).**

Personal lines (62% of P&C premiums) were up 5% on a comparable basis, stemming from both Motor (+4%) and Non Motor (+5%).

Motor revenues grew 4%, mainly driven by Southern Europe up 6%, recording strong net inflows of 293,700 policies owing to the launch of new products, United Kingdom & Ireland up 16%, due to updated pricing strategies and new business growth, Germany up 4%, with net inflows of 157,000 policies, and France up 1% due to positive net inflows (+58,000 new contracts). Japan (+20%) and Turkey (+15%) also contributed to motor revenue growth while in Canada, Motor revenues were down 10% mainly impacted by the 18/24 months policies sold in 2005 leading to less renewals in 2006.

Non-motor revenues increased by 5% mainly driven by new products launches in UK household, positive net inflows in Household with and ongoing price increase in France, the introduction of natural catastrophe guarantees in Belgium, and growth in all lines in Southern Europe.

Commercial lines (37% of P&C premiums) recorded a +4% growth on a comparable basis.

Motor revenues were up 3% on a comparable basis, mainly as positive evolution in France (+3%, overall positive inflows), the Netherlands (+5%, mainly attributable to authorized agents), Southern Europe (+3%, growth of the existing fleets and the signature of new contracts), Belgium (+4%, as a result of portfolio and tariff increases), and the United Kingdom & Ireland (+2%).

Non-motor revenues were up 4% on a comparable basis, mainly driven with France up 6% driven by Construction and Liability, the United Kingdom including Ireland up 5%, driven by Property and Belgium up 7%, with positive growth in most lines of business. Germany was down 2%, experiencing increased competition in Industrial Property, and Southern Europe was down 5% following non renewals of some low profitability contracts.

Other Lines[11] **(1% of P&C premiums)** revenues increased by 7% on a comparable basis mainly due to AXA Art in Germany.

International Insurance revenues were down 2.5% or up 7% on a comparable basis to €3,716 million attributable to both AXA Corporate Solutions Assurance and Axa Assistance.

AXA Corporate Solutions Assurance revenues were up 5% or 7% on a comparable basis to €1,689 million, driven by portfolio development in Property and Construction. Such development was achieved through selective new business activity focused on risk managed accounts in targeted industry sectors and despite softening market conditions.

AXA Assistance revenues were up 13% or 11% on a comparable basis to €621 million reflecting increased business with car manufacturers (France), positive new inflows on travel insurance (mainly in Germany) and home service providing (France, United Kingdom) as well as the gain of some major contracts in the US.

Other transnational activities revenues (including the transfer of reinsurance activities formerly led by AXA RE to "Other Transnational") were down 15% to €1,351 million, mainly attributable to **AXA RE** (-16% to €1,217 million) principally due to a decrease in (i) current year gross attritional written premiums, and (ii) gross Major Losses reinstatement premiums all years mainly related to 2005 Major Losses (especially Katrina, Rita and Wilma hurricanes).

Asset management revenues increased by **28% or 29% on a comparable basis to €4,406 million**, driven by higher average Assets under Management (+18.5% or 17% excluding Framlington) and strong net inflows (€+17 billion to €73 billion).

AllianceBernstein revenues were up 20% or 25% on a comparable basis to €2,961 million due to higher investment advisory fees driven by 18% higher average AUM, as a result of net new business inflows and strong market appreciation, and higher performance fees.

AUM increased by €54 billion to €544 billion driven by €38 billion net inflows across all client categories and €72 billion favorable market impact, partly offset by €57 billion unfavorable exchange rate impact.

AXA Investment Managers revenues including those earned from AXA insurance companies eliminated in consolidation, increased by €484 million, or +40% to €1,679 million. Excluding fees retroceded to distributors, AXA Framlington impact (€13 million in 2005 and €126 million in 2006), and exchange rate variation (€2 million), net revenues grew by 30% on a comparable basis, driven by higher average AUM (+16% on a comparable basis), a positive client and product mix evolution, and higher performance fees.

AUM increased by €53 billion to €485 billion mainly driven by €35 billion positive net inflows, mainly from third-party institutional and retail clients, and €20 billion favorable market impact, partly offset by €-4 billion foreign exchange rate impact.

Net banking revenues in Other Financial Services were down **10.9% or -11% on a comparable basis to €381 million**, mainly attributable to AXA Bank Belgium (-12% to €293 million), as a result of the decrease of (i) realized capital gains, (ii) mark to market mainly due to derivatives (natural hedge on investment portfolio and credit spread portfolio) partly offset by an increase in loans and the money market and (iii) net interest and fee income.

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[11] *Please note that UK Health is no longer reported in other lines but is now allocated between personal non motor and commercial non motor lines.*

Consolidated underlying, adjusted earnings and net income

Underlying earnings, adjusted earnings and Net income

(in euro million)	FY 2006	FY 2005 Restated (b)	FY 2005 Published	FY 2004 Restated (b)	FY 2004 Published
Gross written premiums	72 099	65 995	65 995	62 152	62 152
Fees and revenues from investment contracts with no participating feature	608	509	509	417	417
Revenues from insurance activities	***72 707***	***66 504***	***66 504***	***62 570***	***62 570***
Net revenues from banking activities	***393***	***408***	***408***	***402***	***402***
Revenues from other activities	***5 693***	***4 733***	***4 733***	***4 074***	***4 074***
TOTAL REVENUES	**78 793**	**71 645**	**71 645**	**67 046**	**67 046**
Change in unearned premium reserves net of unearned revenues and fees	***-498***	***-502***	***-502***	***-97***	***-104***
Net investment result excluding financing expenses (a)	***30 774***	***30 928***	***30 928***	***25 279***	***25 279***
Technical charges relating to insurance activities (a)	-84 074	-80 829	-80 827	-72 008	-72 009
Net result of reinsurance ceded	-1 455	-141	-141	-1 063	-1 063
Bank operating expenses	-78	-61	-61	-101	-101
Insurance Acquisition expenses	-7 162	-6 508	-6 509	-5 936	-5 928
Amortization of value of purchased life business in force	-241	-529	-529	-389	-389
Administrative expenses	-8 751	-8 570	-8 570	-7 686	-7 686
Valuation allowances on tangibles assets	18	-3	-3	-11	-11
Other	-451	-197	-197	-243	-243
Other operating income and expenses	***-102 193***	***-96 839***	***-96 838***	***-87 438***	***-87 430***
INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE	**6 876**	**5 233**	**5 233**	**4 790**	**4 790**
Net income from investments in affiliates and associates	21	20	20	55	55
Financing expenses	-474	-481	-602	-439	-583
OPERATING INCOME GROSS OF TAX EXPENSE	**6 423**	**4 772**	**4 651**	**4 406**	**4 262**
Income tax expense	-1 793	-943	-900	-1 250	-1 199
Minority interests in income or loss	-620	-492	-492	-426	-426
UNDERLYING EARNINGS	**4 010**	**3 337**	**3 258**	**2 730**	**2 637**
Net realized capital gains attributable to shareholders	1 130	944	850	679	705
ADJUSTED EARNINGS	**5 140**	**4 281**	**4 108**	**3 409**	**3 342**
Profit or loss on financial assets (under fair value option) & derivatives	-226	122	149	416	428
Exceptional operations (including discontinued operations)	196	-72	-72	10	10
Goodwill and other related intangible impacts	-24	-13	-13	-41	-41
NET INCOME	**5 085**	**4 318**	**4 173**	**3 793**	**3 738**

(a) For the periods ended December 31, 2006, December 31, 2005, and December, 2004, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectively €15,370 million, €13,978 million and €10,543 million, and benefits and claims by the offsetting amounts respectively.

(b) Restated means: (i) transfer of the forex impact from adjusted earnings to net income, (ii) following clarification of IFRIC agenda committee following IASB decision, AXA has reclassified TSDI instruments (perpetual subordinated debts) into shareholders' equity for all periods presented in the 2006 financial statements with impact on net income, and (iii) in line with new accounting FRS27, the reclassification in the United Kingdom of some With-Profit technical reserves to allow for all future terminal bonuses payable to With-Profit policyholders within the allocated policyholder reserves, previously held in the unallocated policyholder bonus reserve, without any impact on earnings.

In euro million	**FY 2004 Published**	Transfer of foreign exchange impact from adjusted earnings to net income	TSDI reclassification impact	**FY 2004 Restated****
Underlying earnings	**2 637**		**93**	**2 730**
Net realized capital gains*	705	-26		679
Adjusted earnings	**3 342**	**-26**	**93**	**3 409**
Profit or loss on financial assets & derivatives and tax impact	428	26	-38	416
Exceptional operations	10			10
Goodwill and related intangibles	-41			-41
Net Income	**3 738**	**0**	**55**	**3 793**

(*) €26 million includes €38 million related to foreign exchange impact on TSDI

(**) Please note that FRS 27 impacts on the statement of income (underlying basis) are not detailed as they are not significant.

in euro million	FY 2005 Published	Transfer of foreign exchange impact from adjusted earnings to net income	TSDI reclassification impact	FY 2005 Restated**
Underlying earnings	**3 258**		**79**	**3 337**
Net realized capital gains*	850	94		944
Adjusted earnings	**4 108**	**94**	**79**	**4 281**
Profit or loss on financial assets & derivatives and tax impact	149	-94	66	122
Exceptional operations	-72			-72
Goodwill and related intangibles	-13			-13
Net Income	**4 173**	**0**	**145**	**4 318**

(*) €-94 million includes €-66 million related to foreign exchange impact on TSDI

(**) Please note that FRS 27 impacts on the statement of income (underlying basis) are not detailed as they are not significant.

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
Life & Savings	2 325	1 931	1 931	1 563	1 563
Property & Casualty	1 453	1 346	1 346	1 102	1 102
International Insurance	131	68	68	138	138
Asset Management	508	396	396	300	300
Other Financial Services	51	67	67	23	23
Holding companies	-457	-471	-549	-396	-489
UNDERLYING EARNINGS	**4 010**	**3 337**	**3 258**	**2 730**	**2 637**
Net realized capital gains attributable to shareholders	1 130	944	850	679	705
ADJUSTED EARNINGS	**5 140**	**4 281**	**4 108**	**3 409**	**3 342**
Profit or loss on financial assets (under fair value option) & derivatives	-226	122	149	416	428
Exceptional operations (including discontinued operations)	196	-72	-72	10	10
Goodwill and other related intangible impacts	-24	-13	-13	-41	-41
NET INCOME	**5 085**	**4 318**	**4 173**	**3 793**	**3 738**

(a) Restated means: (i) transfer of the forex impact from adjusted earnings to net income, and (ii) following clarification of IFRIC agenda committee following IASB decision, AXA has reclassified TSDI instruments (perpetual subordinated debts) into shareholders' equity for all periods presented in the 2006 financial statements with impact on net income.

Group underlying earnings reached **€4,010 million, up 20% or €+673 million compared to 2005**. **On a constant exchange rate basis**, the growth was **€+690 million**, attributable to main operational segments.

Life & Savings underlying earnings were **up €+394 million or €+417 million on a constant exchange rate basis**. Excluding Japan 2005 non-recurring items (€67 million), **underlying earnings** were up +484 million on a constant exchange rate basis mainly attributable to **the United States** (€+143 million to €1,000 million, of which €+92 million favourable income tax settlement in 2006), **France** (€+76 million to €462 million), **Japan** (€+70 million to €256 million), **the United Kingdom** (€+70 million to €155 million) and **Germany** (€+39 million to €69 million).

Japan recorded €+67 million non-recurring items in the full year 2005 underlying earnings. These non-recurring items consisted in a significant DTA valuation allowance release of €225 million pre-Minority Interests (or €220 million net), following the improvement in the recovery of tax losses carry forward, partly offset by DAC and VBI one-off amortization for respectively €-27 million and €-219 million pre-tax & minority interests (or €-17 million and €-136 million net), following a change of future investment assumptions.

Underlying earnings (excluding Japan 2005 non recurring items) increased by €484 million on a constant exchange rate basis, mainly resulting from:

(i). An **improved investment margin** (€+137 million), primarily in the United States (€+58 million due to higher investment income), Germany (€+30 million mainly driven by higher fixed maturities income as well as lower policyholder participation), United Kingdom (€+16 million due to shareholder's participation in higher With Profit bonuses), and Australia and New Zealand (€+19 million due lower interest expense on inter-company loans and debts and strong investment market performance), partly compensated by France (€-48 million due to lower investment income partly offset by lower policyholder participation).

(ii). **Higher Fees and Revenues** (€+789 million) principally pulled up by the United States (€+243 million notably due to higher fees earned on separate account business), France (€+149 million due to higher sales and increased asset base), the United Kingdom (€+132 million due to an increase in loadings on Life and Pensions business premiums primarily due to a change to an Onshore Bond Product to incorporate insurance features), Japan (€+88 million mainly due to higher sales notably of increasing Term, Term and high margin Health products), and Australia / New Zealand (€+82 million attributable to strong inflows and higher funds under management and administration following strong market performance).

(iii). An **improved net technical margin** (€+117 million) mainly driven by the United Kingdom (€+65 million or €+34 million excluding the impact of the change in the allocation methodology with fees and revenues, principally due to higher mortality and morbidity profits and 2006 non recurring items), Australia / New Zealand (€+26 million due to more favorable claims termination experience in the health business and strong claims experience in group life), Hong Kong (€+23 million due to better claims experience together with successful National Life switching campaigns leading to an increase in the surrender margin), partly compensated by Japan (€-39 million driven by a €-52 million decrease in mortality margin).

(iv). **A lower level of VBI amortization** (€+66 million) mainly attributable to Japan (€+100 million), reflecting notably (i) the lower 2006 amortization due to a reduced VBI opening balance and (ii) the impact from actuarial assumption changes, mainly related to mortality (€+38 million).

This was partly offset by:

(v). **Higher expenses including Deferred Acquisition Costs** (€-372 million impact), mainly in the United States (€-168 million reflecting reactivity to higher margins in products which are DAC-reactive and lower favorable DAC unlocking for expected higher emerging margins on annuity and variable and interest sensitive life products), France (€-90 million due to increased commissions and higher general expenses mainly due to salaried sales force and IT costs), Australia / New Zealand (€-49 million due to higher commissions associated with increased fees and revenues) and Hong Kong (€-36 million mainly due to higher commissions).

(vi). **Tax and minority interests**[12] increased by €253 million mainly attributable to the United Kingdom (€+172 million due to increasing pre-tax earnings and non-recurring increases in deferred tax provisions of €102 million, primarily as result of a reassessment of the likelihood of a future distribution from the attributed Inherited Estate), and Japan (€+54 million in line with higher taxable earnings), partly offset by France (€-65 million as some dividends on equities were taxed at a reduced rate while previously taxed at full rate and reflecting the 0.5 point decrease in French short term tax rate), and the United States (€-18 million principally due to the impact of a €92 million favourable tax settlement in 2006 partly offset by higher taxes on higher pre-tax earnings).

Property & Casualty underlying earnings improved by **€107 million** to **€1,453 million**. This improvement was attributable to almost all countries in particular Canada (€+33 million), Southern Europe (€+23 million), Belgium (€+19 million) and France (€+20 million):

(i) **A higher net technical result** (€+507 million to €6,266 million), with **an accounting loss ratio improving by 0.9 point to 68.3%**, partly offset by

(ii) **Higher expenses** (€-317 million to €-5,647 million), **the expense ratio deteriorated by 0.1 point to 28.6** % driven by (i) a 1.1 point higher acquisition ratio notably in the United Kingdom (mainly change in business mix), partly offset by (ii) a lower administrative expense ratio by 1.0 point, notably in Germany (helped by VAT impact).

As a consequence, **Group combined ratio improved by 0.8 point to 96.9%.**

(iii) **Higher investment income overall** (€+135 million to €1,586 million)

(iv) **Higher income tax expense** (€-226 million to €-719 million) in line with higher pre-tax earnings

(v) **Income/Loss arising from investment in affiliates and associates-equity method** increased by €6 million due to the new consolidated business in Malaysia.

(vi) **Minority interest** decreased by €2 million, of which €-8 million in Germany following the purchase of some minority shares of AXA Konzern AG at the end of June 2006, partly offset by €5 million on Turkey, previously accounted for under the equity method.

International Insurance underlying earnings reached **€131 million, up €63 million** on a current exchange rate basis or €62 million on a constant exchange rate basis, mainly attributable **to Other transnational activities (€+52 million**), mainly as a result of (i) the contribution of AXA Re's run-off portfolio (€22 million driven by favorable claims experience on 2005 and prior years) and (ii) a €43 million higher result on the other non-Life run-off portfolios mainly due to the positive result generated by the commutation of some large portfolios, partly offset by (iii) a €-13 million lower result of the AXA RE US Life run-off portfolio fully explained by the cost of fully hedging on the remaining exposure of this portfolio.

Asset Management underlying earnings increased by **€111 million on a current exchange rate basis, or €114 million on a constant exchange rate basis to €508 million,** attributable to both AllianceBernstein (€+64 million to €302 million) and AXA Investment Managers (€+50 million to €206 million), following:

(i) higher average Assets Under Management (+18% at AllianceBernstein and +16% at AXA Investment Managers on comparable basis) and increased performance fees,

(ii) positive client and product mix evolution.

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[12] *And earnings of entities for which no margin analysis is performed.*

Other Financial Services underlying earnings decreased by **€16 million to €51 million**, mainly attributable to AXA Bank Belgium (€-29 million to €21 million), due to lower fixed income capital gains, a lower interest margin, and the non recurrence of the reversal in 2005 of a provision for risks related to loan activities in France following a favorable court decision.

Holdings underlying earnings were up €14 million on a current exchange rate basis, or €13 million on a constant exchange rate basis, to €-457 million mainly attributable to

(i) AXA France Assurance (€+19 million to €-13 million) due to the non recurrence of a €14 million settlement with Armenian policyholders in 2005.

(ii) German holdings (€+48 million to €29 million) mainly due to the tax refund following an industry wide change in tax legislation in 2006.

(iii) Belgium holdings (€+14 million to €-10 million) principally due to the non recurrence of the indemnity fee paid in 2005 following the early repayment of a loan to AXA Bank Belgium.

Partly offset by

(iv) AXA Financial (€-27 million to €-135 million) as a result of higher net interest expense principally related to short-term borrowings from AXA and higher share based compensation expenses

(v) Asia Pacific Holding (€-22 million to €-24 million) notably due to the non-recurrence of a positive income received in 2005 on cross currency interest rate swaps, following the restructuring of the forward rate hedging in July 2005.

(vi) AXA SA (€-16 million to €-219 million, or €-54 million excluding a non recurring tax benefit of €39 million in 2006 compared to €70 million in 2005, and €69 million financial income in 2006 on proceeds from Winterthur financing (rights and TSS issues)) mainly due to (i) a €20 million higher financial charge mostly related to the financing of the Finaxa exchangeable bond buy-back and the dilution control program partly offset by positive volume effects due to increasing cash flows received from entities and (ii) €30 million some non recurring costs related to share based compensation plans.

Group net capital gains attributable to shareholders were up €186 million on a current exchange rate basis or €187 million on a constant exchange rate basis to €1,130 million, mainly as a result of:

- Higher net realized capital gains by €298 million on a current exchange rate basis or €299 million on a constant exchange rate basis mainly coming from Belgium (€+264 million to €407 million, of which €170 million in Life and Savings entities, €89 million in Property and Casualty) mainly in equity investments, partly offset by,
- The non-repeat of €115 million release of valuation allowance on tax losses carried forward in Japan in 2005.

As a result of higher underlying earnings and higher net capital gains, **adjusted earnings were up €859 million or €877 million on a constant exchange rate basis to €5,140 million.**

Net Income reached **€5,085 million, up €767 million or €784 million on a constant exchange rate basis (+18%** in both current and constant exchange rate base)**.**

This growth was the result of:

(i) Higher adjusted earnings (+20% or €+877 million to €5,140 million)

(ii) Lower result on financial assets accounted for under Fair Value Option and derivatives including foreign exchange impact (€-350 million to €-226 million) principally attributable to AXA SA (€-361 million to €-367 million) as a result of:

- a €-404 million change in the mark-to market of interest rate derivative instruments not considered as hedge accounting, mainly due to:
  (i) €-174 million related to interest swaps denominated in Euro covering the long term interest risk of long term debts due to the increase of Euro interest rate during 2006,
  (ii) €-69 million due to a decrease on CHF interest rates linked to long term CHF denominated swaps (CHF5 billion nominal value) used to finance Swiss assets of Winterthur,
  (ii) €-133 million related to a lower increase of U.S$ interest rates linked to currency swaps in 2006 compared to 2005,
- a €-43 million corresponding to foreign exchange operations of which €-52 million related to TSDI foreign exchange hedges no more eligible to natural hedge accounting linked to the reclassification in shareholder's equity of TSDI.
- partly offset by a €+85 million due to the change of the mark-to-market of foreign currency options hedging AXA Group underlying earnings denominated in foreign currencies.

(iii) Slight increase of goodwill and other related intangible impacts (€-12 million to €-24 million)

(iv) Higher exceptional operation result (€+269 million to €196 million)

2006 Exceptional operations (**€196 million)** are related to:

- €86 million dilution gains in AllianceBernstein and €4 million related to sale of Alliance Cash Management business
- Tax refund related to the sale of DLJ (€43 million), release of contingency provision related to the sale of Advest (€3 million) and dilution gains (€9 million) in the US holdings
- €66 million related to the gain on the sale of AXA RE's business
- €22 million related to the first consolidation of Malaysia P&C (€13 million), the price supplement on the disposal of Health portfolio to Achmea in the Netherlands P&C (€7 million) and €2 million tax credit on 2005 Nationwide settlement in AXA France Assurance

Offset by:

- €-38 million related to the repurchase by AXA of AXA Investment Managers shares in 2006 (€-17 million), real Estate Tax in AXA SA (€-10 million), the sale of DARAG in Germany (€-3 million), the integration costs on acquisition of MLC and Citadel (€-7 million) and the impairment of real estate companies in Axa Bank Belgium (€-1 million).

2005 Exceptional operations (€-72 million) related to:

- the realized capital gains on the sale of AXA Assistance participation in CAS (€23 million), of AllianceBernstein Cash Management business (€5 million), India and South Africa joint ventures (€3 million), and of BIA in AXA Bank Belgium (€2 million)
- more than offset by the realized loss on the sale of Advest in US Holdings (€-71 million), and €-28 million settlement for Nationwide litigation in holding companies (UK, Belgium, France, AXA SA and Germany Life).

Creation of Shareholders' Equity

As of December 31, 2006, consolidated shareholders' equity totaled €47.2 billion. The movement in shareholders' equity since December 31, 2005 is presented in the table below:

	Shareholders' Equity ***(in euro million)***
At December 31, 2005 (a)	**36 525**
- Share capital	507
- Capital in excess of nominal value	3 800
- Equity-share based compensation	106
- Treasury shares sold or bought in open market	137
- Change in equity component of compound financial instruments	0
- Super subordinated debt and perpetual debt (including accrued interests)	3 539
- Fair value recorded in shareholders' equity	-368
- Impact of currency fluctuations	-767
- Cash dividend	-1 647
- Other	56
- Net Income for the period	5 085
- Actuarial gains and losses on pension benefits	252
At December 31, 2006 (a)	**47 226**

(a) following clarification of IFRIC agenda committee following IASB decision, AXA has reclassified TSDI instruments (perpetual subordinated debts) into shareholders' equity for all periods presented in the 2006 financial statements with impact on net income.

Creation of Shareholder Value

EARNINGS PER SHARE ("EPS")

	FY 2006		**FY 2005 Restated *(a)***		**FY 2005 Published**		**FY 2004 Restated *(a)***		**FY 2004 Published**		**Var. FY 2006 versus FY 2005**	
(in euro million except ordinary shares in million)	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**	**Basic**	**Fully diluted**
Weighted numbers of shares	**1 947,8**	**2 031,7**	**1 917,5**	**1 991,0**	**1 880,9**	**1 954,4**	**1 838,8**	**1 968,6**	**1 803,7**	**1 933,5**		
Net income	5 085	5 199	4 318	4 428	4 173	4 283	3 793	3 899	3 738	3 844		
Net income (Euro per Ordinary Share)	***2,61***	***2,56***	***2,25***	***2,22***	***2,22***	***2,19***	***2,06***	***1,98***	***2,07***	***1,99***	***15,9%***	***15,1%***
Adjusted Earnings	5 140	5 254	4 281	4 390	4 108	4 218	3 409	3 515	3 342	3 448		
Adjusted Earnings (Euro per Ordinary Share)	***2,64***	***2,59***	***2,23***	***2,21***	***2,18***	***2,16***	***1,85***	***1,79***	***1,85***	***1,78***	***18,2%***	***17,3%***
Underlying Earnings (Euro per Ordinary Share)	***2,06***	***2,03***	***1,74***	***1,73***	***1,73***	***1,72***	***1,48***	***1,44***	***1,46***	***1,42***	***18,3%***	***17,3%***

(a) restated means :
** on earnings : (a) Forex impact out of adjusted earnings and in net income and (b) following clarification of IFRIC agenda committee following IASB decision, AXA has reclassified TSDI instruments (perpetual subordinated debts) into shareholders' equity for all periods presented in the 2006 financial statements with impact on net income.*
*** on weighted number of shares : following the capital increase related to Winterthur acquisition, the weighted average number of shares has been restated (IAS 33 §26) by using an adjustment factor of 1,019*

Life & Savings Segment

The following tables present the consolidated gross revenues, adjusted earnings and net income attributable to AXA's Life & Savings segment for the periods indicated

Life & Savings Segment (a)

(in euro million)	FY 2006	FY 2005 Restated (c)	FY 2005 Published	FY 2004 Restated (c)	FY 2004 Published
Gross written premiums	48 793	43 502	43 502	41 111	41 111
Fees and revenues from investment contracts with no participating feature	608	509	509	417	417
Revenues from insurance activities	***49 401***	***44 011***	***44 011***	***41 529***	***41 529***
Revenues from other activities	***1 084***	***1 115***	***1 115***	***824***	***824***
TOTAL REVENUES	**50 485**	**45 126**	**45 126**	**42 353**	**42 353**
Change in unearned premium reserves net of unearned revenues and fees	***-271***	***-197***	***-197***	***-124***	***-131***
Net investment result excluding financing expenses (b)	***28 656***	***28 946***	***28 946***	***23 472***	***23 472***
Technical charges relating to insurance activities (b)	-69 052	-64 722	-64 721	-57 425	-57 426
Net result of reinsurance ceded	-28	-7	-7	13	13
Bank operating expenses	0	0	0	0	0
Insurance Acquisition expenses	-3 073	-2 826	-2 827	-2 577	-2 569
Amortization of value of purchased life business in force	-241	-529	-529	-389	-389
Administrative expenses	-2 863	-3 017	-3 017	-2 776	-2 776
Valuation allowances on tangibles assets	7	-4	-4	-3	-3
Other	-111	-156	-156	-158	-158
Other operating income and expenses	***-75 361***	***-71 263***	***-71 262***	***-63 316***	***-63 308***
INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE	**3 509**	**2 613**	**2 613**	**2 385**	**2 385**
Net income from investments in affiliates and associates	12	10	10	10	10
Financing expenses	-76	-119	-119	-100	-100
OPERATING INCOME GROSS OF TAX EXPENSE	**3 445**	**2 504**	**2 504**	**2 295**	**2 295**
Income tax expense	-928	-424	-424	-617	-617
Minority interests in income or loss	-193	-149	-149	-115	-115
UNDERLYING EARNINGS	**2 325**	**1 931**	**1 931**	**1 563**	**1 563**
Net realized capital gains attributable to shareholders	597	464	432	297	344
ADJUSTED EARNINGS	**2 921**	**2 394**	**2 362**	**1 859**	**1 907**
Profit or loss on financial assets (under fair value option) & derivatives	49	18	50	124	77
Exceptional operations (including discontinued operations)	-3	-0	-0	-153	-153
Goodwill and other related intangible impacts	-10	-8	-8	-5	-5
NET INCOME	**2 957**	**2 404**	**2 404**	**1 826**	**1 826**

(a) before intercompany transactions

(b) For the periods ended December 31, 2006, December 31, 2005, and December, 2004, the change in fair value of assets backing contracts with financial risk borne by policyholders impacted the net investment result for respectively €15,370 million, €13,978 million and €10,543 million, and benefits and claims by the offsetting amounts respectively.

(c) Restated means: (i) transfer of the forex impact from adjusted earnings to net income, and (ii) in line with new accounting FRS27, the reclassification in the United Kingdom of some With-Profit technical reserves to allow for all future terminal bonuses payable to With-Profit policyholders within the allocated policyholder reserves, previously held in the unallocated policyholder bonus reserve, without any impact on earnings.

Consolidated Gross revenues [a]

(in euro million)	FY 2006	FY 2005	FY 2004
France	14 802	13 237	11 545
United States	15 390	13 940	12 847
United Kingdom	4 292	2 395	2 420
Japan	5 027	4 735	5 526
Germany	3 681	3 585	3 499
Belgium	2 512	2 734	2 188
Southern Europe	1 357	1 439	1 333
Other countries	3 424	3 060	2 995
TOTAL	**50 485**	**45 126**	**42 353**
Intercompany transactions	-7	-10	-9
Contribution to consolidated gross revenues	**50 479**	**45 116**	**42 344**

(a) Gross written premiums including intercompany eliminations

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
France	462	387	387	350	350
United States	1 000	866	866	664	664
United Kingdom	155	85	85	86	86
Japan	256	266	266	145	145
Germany	69	30	30	13	13
Belgium	65	56	56	74	74
Southern Europe	50	44	44	41	41
Other countries	268	198	198	188	188
UNDERLYING EARNINGS	**2 325**	**1 931**	**1 931**	**1 563**	**1 563**
Net realized capital gains attributable to shareholders	597	464	432	297	344
ADJUSTED EARNINGS	**2 921**	**2 394**	**2 362**	**1 859**	**1 907**
Profit or loss on financial assets (under fair value option) & derivatives	49	18	50	124	77
Exceptional operations (including discontinued operations)	-3	-0	-0	-153	-153
Goodwill and other related intangible impacts	-10	-8	-8	-5	-5
NET INCOME	**2 957**	**2 404**	**2 404**	**1 826**	**1 826**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Life & Savings operations - France

(in euro million)	FY 2006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**14 802**	**13 237**	**13 237**	**11 545**	**11 545**
APE (group share)	*1 231*	*1 075*	*1 075*	*951*	*951*
Investment margin	890	938	938	887	887
Fees & revenues	1 345	1 196	1 196	1 064	1 064
Net technical margin	88	70	70	63	63
Expenses	-1 680	-1 590	-1 590	-1 441	-1 441
Amortization of VBI	-68	-48	-48	-55	-55
Underlying operating earnings before tax	**575**	**565**	**565**	**519**	**519**
Income tax expenses / benefits	-111	-176	-176	-168	-168
Minority interests	-2	-3	-3	-1	-1
Underlying earnings group share	**462**	**387**	**387**	**350**	**350**
Net capital gains attributable to shareholders net of income tax	204	191	154	88	105
Adjusted earnings group share	**666**	**578**	**540**	**438**	**455**
Profit or loss on financial assets (under FV option) & derivatives	110	52	90	96	79
Exceptional operations (including discontinued operations)	0	0	0	0	0
Goodwill and other related intangibles impacts	0	0	0	0	0
Net income group share	**776**	**630**	**630**	**534**	**534**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross written premiums increased by €1,565 million to €14,802 million. Net of intercompany transactions, gross written premiums increased by €1,573 million to €14,797 million mainly due to investment & savings premiums which increased by €1,331 million (+12%) to €10,238 million. Individual unit-linked premiums were up €606 million (+28%) to €2,771 million following successful commercial campaigns. Group retirement increased by €598 million (+62%) to €1,562 million, mainly due to new business inflows, while individual non unit-linked investments and savings were up 2 % to €5,905 million.

APE increased by €156 million (+14.5%) to €1,231 million, stemming mainly from strong growth of Investment & Savings APE up €114 million to €862 million driven by (i) a €62 million increase in individual unit-linked premiums to €738 million mainly in proprietary channels and (ii) a €52 million strong increase in Group retirement APE to €126 million resulting from some large non unit-linked single premiums. Life and Health APE increased by €42 million to €369 million notably driven by last year product launches in individual lines.

Investment margin decreased by €48 million to €890 million under the combined effect of lower investment income (€-71 million to €3,304 million) mainly due to lower real estate income, and lower policyholder participation (€+23 million to €-2,415 million) as a consequence of decreased investment income and a slight decrease in main flagship products distribution rate.

Fees & revenues were up €149 million to €1,345 million mainly resulting from higher sales on group life products (€+40 million) and higher revenues on unit-linked products (€+80 million), following both higher sales and increased asset base.

Net Technical margin increased by €18 million to €88 million driven by (i) Investments and Savings (€+12 million) benefiting from boni partly offset by additional annuity reserves strengthening in savings following change in regulatory mortality tables and (ii) Life up €7 million mainly due to the non repeat of the 2005 negative impact of the decrease in Group annuity reserves discount rates.

Expenses increased by €90 million to €-1,680 million mainly due to increased commissions (€+52 million to €-749 million), and €31 million higher general expenses mainly due to salaried sales force and IT costs.

VBI Amortization increased by €19 million to €-68 million due to the full amortization of a segment of the UAP portfolio.

Underlying cost income ratio slightly increased from 76.2% to 76.4%.

Income tax expenses decreased by €65 million to €-111 million (i) as some dividends on equities were taxed at a reduced rate while previously taxed at full rate following a portfolio reallocation and (ii) reflecting the 0.5 point decrease in French short term tax rate.

Underlying earnings improved by €76 million to €462 million reflecting a structural lower average tax rate on the investment margin, which significantly improved on a net of tax basis.

Adjusted earnings were up €88 million to €666 million resulting from higher underlying earnings (€+76 million) and increased net capital gains (€+12 million to €204 million) mainly on equities.

Net income increased by €146 million to €776 million mainly resulting from (i) the adjusted earnings growth (€+88 million), and (ii) the positive impact of foreign exchange on currency macro hedge on equity investments (€+53 million to €15 million).

Life & Savings operations - United States

(in euro million)	**FY 2 006**	**FY 2005**	**FY 2004**
Gross revenues	**15 390**	**13 940**	**12 847**
APE (group share)	*1 922*	*1 700*	*1 482*
Investment margin	858	807	713
Fees & revenues	1 632	1 404	1 092
Net technical margin	634	632	483
Expenses	-1 725	-1 572	-1 329
Amortization of VBI	-65	-51	-28
Underlying operating earnings before tax	**1 333**	**1 220**	**931**
Income tax expenses / benefits	-334	-354	-266
Minority interests	0	0	0
Underlying earnings group share	**1 000**	**866**	**664**
Net capital gains attributable to shareholders net of income tax	30	5	49
Adjusted earnings group share	**1 029**	**871**	**713**
Profit or loss on financial assets (under FV option) & derivatives	0	9	14
Exceptional operations (including discontinued operations)	0	0	-146
Goodwill and other related intangibles impacts	-10	-8	-5
Net income group share	**1 020**	**872**	**577**
Average exchange rate : 1.00 € = $	*1,2563*	*1,2453*	*1,2438*

Gross revenues increased by 10% to €15,390 million on a current exchange rate basis, or 13% on a comparable basis (excluding Advest revenues) primarily driven by increases in First Year Variable Annuity premiums (up 24%) and First Year life premiums (up 13%) partially offset by a planned 68% decrease in Fixed Annuities. Other revenues were up 20% on a comparable basis due primarily to higher asset management fees.

APE increased by 13% to €1,922 million on a current exchange rate basis or 14% on a constant exchange rate basis, with strong growth in Variable Annuities and Life products. Excluding Fixed Annuities, COLI[13] business and mutual funds, APE was up 17% driven by the continued expansion of AXA Equitable's wholesale distribution networks, where Variable Annuity and Individual Life New business increased by 29% and 34%, respectively.

Investment margin increased by €50 million to €858 million, or by €58 million on a constant exchange rate basis. Investment income increased €50 million to €2,626 million, primarily due to higher yields on cash and short term investments, higher fixed maturity asset levels, improved real estate income and lower corporate interest expense, partially offset by lower fixed maturity yields. Interests and bonus credited decreased by €8 million to €1,769 million reflecting an increase in the reserve released on discontinued operations (windup annuities).

Fees & revenues increased by €229 million, or by €243 million on a constant exchange rate basis, to €1,632 million. This increase was mainly due to higher fees earned on separate account business (€219 million on a constant exchange rate basis), resulting from positive net cash flows and the impact of the market appreciation on separate account balances, and higher mutual fund fees.

Net technical margin increased by €2 million, or by €8 million on a constant exchange rate basis to €634 million. This increase was notably attributable to (i) €79 million higher "GMDB/IB" margins, and (ii) €26 million favorable benefits and reserves in the reinsurance assumed and individual health product lines, partially offset by (iii) lower life mortality margin (€-54 million), (iv) a non recurring positive reinsurance settlement in 2005 (€-24 million), and (v) a non-recurring MONY group pension reserve adjustment in 2005 (€-14 million).

[13] *COLI = Corporate Owned Life Insurance*

Expenses (including commissions and DAC) increased by €153 million or €168 million on a constant exchange rate basis:

- Expenses net of capitalization (including commissions and DAC capitalization) increased by €13 million, or by €22 million on a constant exchange rate basis principally due to an increase in commission expenses of €150 million, partially offset by higher DAC capitalization (€127 million) and a slight decrease in other expenses.

- DAC amortization increased by €140 million or €146 million on a constant exchange rate basis reflecting reactivity to higher margins in products which are DAC-reactive and lower favorable DAC unlocking for expected higher emerging margins on annuity and variable and interest sensitive life products.

Amortization of VBI increased by €15 million on both current and constant exchange rate base.

Underlying cost income ratio improved to 71.5% versus 74.2% in 2005 notably reflecting the strong improvement in fees and revenues.

Income tax expense decreased by €21 million, or by €18 million on a constant exchange rate basis. This decrease is principally due to the impact of a €92 million favorable tax settlement in 2006, partially offset by higher taxes on higher pre-tax earnings.

Underlying earnings increased by €134 million, or by €143 million on a constant exchange rate basis, to €1,000 million. This increase primarily reflected higher fees and revenues and higher investment margin and a favorable income tax settlement in 2006 (€92 million), partially offset by higher net commissions and higher DAC and VBI amortization.

Adjusted earnings increased by €158 million on a current exchange basis, or €167 million on a constant exchange rate basis, to €1,029 million primarily due to higher underlying earnings, and higher capital gains net of DAC/VBI reactivity.

Net income increased by €147 million, or by €156 million on a constant exchange rate basis, to €1,020 million, primarily due to the increase in adjusted earnings, partially offset by a decrease in mark to market adjustments on investments on fair value option.

Life & Savings operations - United Kingdom

(in euro million)	FY 2 006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**4 292**	**2 395**	**2 395**	**2 420**	**2 420**
APE (group share)	*1 134*	*817*	*817*	*713*	*713*
Investment margin	198	181	181	183	183
Fees & revenues	591	457	457	358	358
Net technical margin	160	94	94	-1	-1
Expenses	-645	-657	-657	-447	-447
Amortization of VBI	-7	-22	-22	-54	-54
Underlying operating earnings before tax	**297**	**54**	**54**	**39**	**39**
Income tax expenses / benefits	-142	31	31	47	47
Minority interests	0	0	0	0	0
Underlying earnings group share	**155**	**85**	**85**	**86**	**86**
Net capital gains attributable to shareholders net of income tax	10	7	14	-85	-88
Adjusted earnings group share	**165**	**92**	**98**	**1**	**-2**
Profit or loss on financial assets (under FV option) & derivatives	-27	-48	-54	-28	-26
Exceptional operations (including discontinued operations)	0	0	0	0	0
Goodwill and other related intangibles impacts	0	0	0	0	0
Net income group share	**138**	**44**	**44**	**-27**	**-27**
Average exchange rate : 1.00 € = £	*0,6817*	*0,6840*	*0,6840*	*0,6784*	*0,6784*

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross revenues increased by €1,896 million on a current exchange rate basis or €1,882 million on a constant exchange rate basis to €4,292 million.

- Investment & Savings (84% of gross revenues) increased by 117% to €3,626 million as:
  - Insurance Premium (71% of gross revenues) increased by 152% to €3,081 million due to the beneficial impact of the reclassification of a bond product from an investment to an insurance contract following the launch of a new insurance feature, and growth in single premium pensions business following simplification of pensions legislation.
  - Margins on investment products (13% of gross revenues) increased by 21% to €545 million reflecting higher management fees following net new money growth and investment growth.
- Life Insurance Premium (16% of gross revenues) decreased by 9% to €666 million primarily due to lower volumes of creditor insurance single premium business.

APE increased by €317 million to €1,134 million or +38% on a constant exchange rate basis largely due to strong sales of unit-linked investment bonds and Pensions. Development of distribution relationships in respect of lower margin wholesale Offshore Bond products led to significant volume increases (+109%). Pension business also demonstrated strong growth (+29%) following changes to Pensions legislation.

Investment Margin increased by €17 million on a current exchange rate basis or €16 million on a constant exchange rate basis to €198 million, primarily due to shareholder participation in higher With Profit bonuses.

Fees & Revenues increased by €134 million on a current exchange rate basis or €132 million on a constant exchange rate basis to €591 million.

- Loadings on Life and Pensions business premiums increased by €138 million primarily due to a change to an Onshore Bond Product to incorporate insurance features. In addition, 2006 benefited from significant growth in Offshore Bonds and increased Pension single premiums as policyholders switched to simplified products.
- Loadings on Account Balances decreased by €6 million. Management fees increased by €48 million resulting from the growth in the unit-linked inforce portfolio through positive net inflows and market appreciation and despite the change in revenue allocation methodology from fees to technical margin on unit linked investment products surrenders charges (€-32 million). This was more than offset by higher deferral of initial fees in respect of Offshore Bonds (€54 million).

Net Technical Margin increased by €65 million on current and constant exchange rate base to €160 million. Excluding the impact of the change in the allocation methodology with fees and revenues (€+32 million as mentioned above), the net technical margin increased by €34 million. This is due to higher mortality and morbidity profits and 2006 non recurring items (€88 million) which notably include (i) the reduction of possible endowment mis-selling provision and (ii) a favorable movement in unit linked reserves following the finalization of compensation amounts to policyholders, partly offset by €67 million of positive 2005 non recurring items.

Expenses net of policyholder allocation[1] decreased by €12 million on a current exchange rate basis or €14 million on a constant exchange rate basis to €-645 million, as lower commissions on Creditor Insurance business more than offset volume related expense increases from other products. Expense savings from ongoing cost reduction activities of €29 million have offset €16 million additional non-recurring project costs in 2006.

As a result of the above, the **underlying cost income ratio** improved from 109.1% to 91.4%.

VBI Amortization decreased by €15 million on a current and constant exchange rate basis due to a change in amortization profiles taking into account increased future bonus rates.

Income Tax Expenses increased by €173 million on a current exchange rate basis or €172 million on a constant exchange rate basis to €-142 million, due to increasing pre-tax earnings and non-recurring increases in deferred tax provisions of €102 million, primarily as result of a reassessment of the likelihood of a future distribution from the attributed Inherited Estate.

Underlying Earnings increased by €70 million on a current and constant exchange rate basis to €155 million largely due to higher fees & revenues and technical margin partly offset by higher tax expense.

Adjusted Earnings increased by €73 million on a current exchange rate basis or €72 million on a constant exchange rate basis to €165 million, following improved underlying earnings and release of a provision for contingent payment in relation to the transfer of annuity business from With Profit funds to Non Profit funds.

Net Income increased by €94 million on a current exchange rate basis or €93 million on a constant exchange rate basis to €138 million, due to the improvement in adjusted earnings combined with the reduction in undiscounted tax adjustment on unrealized gains attributable to policyholders in unit linked life funds [2] from €-55 million in 2005 to €-30 million in 2006.

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1 Part of these expenses are located in the With-Profit funds and therefore are borne by policyholders.

2 Undiscounted deferred tax provided on unit linked assets while the unit liability reflects the expected timing of the payment of future tax therefore using a discounted basis.

Life & Savings operations – Japan

(in euro million)	FY 2 006	FY 2005	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**5 027**	**4 735**	**5 526**	**5 526**
APE (group share)	*651*	*589*	*505*	*505*
Investment margin	0	0	42	42
Fees & revenues	931	889	865	865
Net technical margin	130	175	89	89
Expenses	-604	-635	-580	-580
Amortization of VBI	-31	-351	-158	-158
Underlying operating earnings before tax	**426**	**78**	**258**	**258**
Income tax expenses / benefits	-164	195	-110	-110
Minority interests	-6	-7	-4	-4
Underlying earnings group share	**256**	**266**	**145**	**145**
Net capital gains attributable to shareholders net of income tax	38	120	113	146
Adjusted earnings group share	**293**	**385**	**258**	**292**
Profit or loss on financial assets (under FV option) & derivatives	-37	6	16	-18
Exceptional operations (including discontinued operations)	0	0	0	0
Goodwill and other related intangibles impacts	0	0	0	0
Net income group share	**256**	**392**	**274**	**274**
Average exchange rate : 1.00 € = Yen	*142,949*	*136,286*	*132,450*	*132,450*

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross Revenues increased by 6% or 11% on a constant exchange rate basis to €5,027 million. Excluding (i) group pension transfers (€314 million versus €22 million last year) and (ii) the conversion program started in January 2003 towards Life (€41 million versus €98 million last year) and Health (€73 million versus €165 million last year), premiums increased by 9% on a constant exchange rate basis driven by:

- **Investment & Savings** (31% of gross revenues excluding group pension transfers): Revenues increased by 3%, or 8% on a constant exchange rate basis (€+109 million), to €1,435 million due mainly to €391 million higher sales of SPA (single premium US dollar-denominated index-linked annuity product) and €83 million sales of the newly launched Accumulator product (single premium US dollar-denominated variable annuity product), partially offset by a reduction in Fixed Annuity contribution (€-352 million) as part of the planned transition towards variable type products.
- **Life** (46% of gross revenues excluding conversions): Revenues increased by 6% or 11% on a constant exchange rate basis (€+222 million) to €2,144 million driven by (i) strong sales of Increasing Term products (€+163 million), (ii) the LTPA (Long-Term Personal Accident) regular premium product (€+73 million) which benefited from a favorable sales environment up until April 2006, and (iii) stronger Term Rider revenue (€+81 million) coming predominantly from sales of the regular premium Term Rider 98 product. This was partially offset by lower Endowment, Whole Life and Variable Life regular premiums (€-81 million) and lower Group Life revenue (€-15 million) as a result of lower in force (these products are not actively promoted for new business).
- **Health** (23% of gross revenues excluding conversions): Revenues increased by 1%, or 6% on a constant exchange rate basis (€+63 million), to €1,039 million driven by good retention and strong sales in the last quarter.

APE increased by 11% or 16% on a constant exchange rate basis to €651 million.

Individual business grew by 13% or 18% on a constant exchange rate basis (€+101 million) to €626 million, notably:

- **Investments & Savings:** APE increased by 20% or 26% on a constant exchange rate basis (€+14 million) to €64 million driven by SPA sales (€+39 million) launched in November 2004 for Bancassurance and in October 2005 for the other distribution channels combined with sales of the Accumulator product (€+8 million), partially offset by lower Fixed Annuity sales (€-34 million).

- **Life:** APE increased by 7% or 12% on a constant exchange rate basis (€+47 million) to €401 million coming mainly from strong sales of Increasing Term products as part of the strategy developed during the first semester of the year 2006 to counter an anticipated second semester 2006 sales decline of LTPA, partially offset by lower sales of LTTP and Variable Life (following the discontinuance of this product midway through 2005).
- **Health:** APE grew by 26% or 32% on a constant exchange rate basis (€+41 million) to €160 million. Following flat sales in the first three quarters (influenced by the significant focus put on Increasing Term to compensate for the anticipated decline in LTPA), Medical products rebounded in the last quarter driven by a return of focus on this market leading to an improvement of the product mix.

Group APE decreased by 30%, or 26% on a constant exchange rate basis (€-9 million), to €24 million driven by lower New Mutual Aid sales following a strong experience in 2005.

Investment Margin, at €0 million, remained stable stemming from:

- Higher investment income up €+110 million, or €+137 million on a constant exchange rate basis, to €553 million driven by higher return on the alternative portfolio due to the combined impact of strong performance in the second quarter of 2006 and higher volumes invested in these portfolios, and
- Higher interest credited by €110 million, or by €137 million on a constant exchange rate basis, to €553 million.

Fees & Revenues increased by €42 million, or €88 million on a constant exchange rate basis, to €931 million consistent with company growth including higher sales of Increasing Term, Term and high margin health products, the contribution from LTPA and a change in revenue allocation methodology from technical margin to fees on health products (€+12 million). This was partially offset by the continuing decline of Endowment and Fixed Annuity in-force.

Net technical margin decreased by €45 million, or €39 million on a constant exchange rate basis, to €130 million.

Mortality margin decreased by €-52 million to €92 million. Excluding the impact of the change in the allocation methodology with fees and revenues on health products (€-12 million as mentioned above), and of changes in assumptions (€-40 million) on the annuity portfolio, it would have been stable. The main changes in assumptions are related to (i) a change in proportion of policyholders assumed to elect Term Certain (rather than Lifetime) immediate annuities (€+43 million), and (ii) to a new regulatory post-annuitization mortality table (€-92 million).

Surrender Margin increased by €13 million to €37 million due mainly to higher Safety Plus surrenders, higher Whole Life & Term Rider surrender margin and improved retention on Medical Term, partially offset by lower B-policy conversions.

Expenses decreased by €31 million or €2 million on a constant exchange rate basis to €-604 million, driven mainly by:

- the combined result of a sales driven increase in DAC capitalization (€+19 million) and lower DAC amortization (€+30 million), mainly related to the impact (€+27 million) of the 2005 change in future investment assumptions;
- €47 million higher other expenses driven by (i) higher commission payments due to higher sales (€+25 million), (ii) higher project spend (€+4 million), (iii) higher rental costs and disposal expenses as a result of the move to the new headquarters (€+7 million), and (iv) increased contribution to industry protection levy as a consequence of AXA's increased market share (€+7 million).

VBI amortization decreased by €320 million, or €319 million on a constant exchange rate basis, to €-31 million as a result notably of the combined impact of (i) the non recurring 2005 amortization further to the change in future investment assumptions (€219 million), (ii) the lower 2006 amortization due to a reduced VBI opening balance and, (iii) to a lesser extent, to the impact in 2006 from actuarial assumption changes mainly related to mortality (€+38 million).

Underlying Cost Income Ratio increased from 69.5% to 70.7% as higher expenses and lower technical margin more than offset higher fees and revenues.

Income Tax Expense increased by €359 million, or €367 million on a constant exchange rate basis, to €164 million due to:
- Higher income tax of €141 million in line with higher 2006 operational income;
- The non recurrence of the €225 million release of valuation allowance on tax losses carried forward net of goodwill reduction in 2005.

Underlying earnings decreased by €10 million, or increased by €3 million on a constant exchange rate basis, to €256 million. 2005 earnings included €67 million non recurring positive impacts.

Adjusted earnings decreased by €92 million, or €77 million on a constant exchange rate basis, to €293 million. Excluding the underlying earnings improvement of €3 million, the main impacts are:
- lower net capital gains (€-354 million to €112 million) as a consequence of the significant 2005 net capital gains (notably driven by the sale of headquarter and the shift from US/Euro bonds to JGB),
- lower interest credited funded by net capital gains (€+93 million to €-45 million)
- the non-recurring 2005 strengthening of insurance reserves (€+323 million),
- the non-recurring 2005 release of valuation allowance on tax loss carried forward (€-115 million) and
- lower tax, DAC & VBI reactivity impacts (€-28 million)

Net income decreased by €135 million or by €123 million on a constant exchange rate basis to €256 million, driven by €77 million lower adjusted earnings coupled with:
- a lower change in fair value of the alternative portfolio (€-112 million) ;
- the foreign exchange impacts, net of related derivatives impacts (€-23 million);
- the ineffectiveness in hedge relationship using derivatives and involving notably the bonds under fair value option (€+25 million);
- the positive impact of freestanding derivatives, mainly Credit Default Swap (€+17 million);
- the related tax effect, DAC and VBI reactivity (€+46 million).

Life & Savings operations – Germany

(in euro million)	FY 2 006	FY 2005	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**3 681**	**3 585**	**3 499**	**3 499**
APE (group share)	*287*	*270*	*387*	*387*
Investment margin	96	66	76	76
Fees & revenues	127	88	89	89
Net technical margin	50	44	25	25
Expenses	-92	-82	-73	-73
Amortization of VBI	-9	-11	-9	-9
Underlying operating earnings before tax	**171**	**105**	**108**	**108**
Income tax expenses / benefits	-99	-72	-93	-93
Minority interests	-3	-3	-1	-1
Underlying earnings group share	**69**	**30**	**13**	**13**
Net capital gains attributable to shareholders net of income tax	6	2	-11	-10
Adjusted earnings group share	**75**	**32**	**3**	**3**
Profit or loss on financial assets (under FV option) & derivatives	6	4	4	4
Exceptional operations (including discontinued operations)	0	0	-10	-10
Goodwill and other related intangibles impacts	0	0	0	0
Net income group share	**81**	**36**	**-3**	**-3**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross revenues increased by 3% to €3,681 million mainly due to higher Investment & Savings unit-linked and Health premiums:

- *Investment & Savings* (25% of gross revenues) increased by 27% to €922 million, driven by unit-linked premiums, notably stemming from the new product "TwinStar" which experienced a promising launch especially in proprietary channels. The share of unit-linked premiums grew significantly to 41% (vs. 24% in 2005). Non-unit linked premiums decreased by 2% to €541 million.
- *Life* (44% of gross revenues) decreased by 5% to €1,623 million mainly caused by a shift from endowment business to investments and savings products and higher maturities on regular premiums compared to last year.
- *Health* (25% of gross revenues) increased by 3% to €929 million driven by the strong new business at the beginning of 2006 and improved lapse rates.
- *Other* (6% of gross revenues) decreased by 17% to €207 million due to further reduction of the share in medical council business at the beginning of the year and lower consortium business.

APE increased by 6% to €287 million. Restated from the backlog effect in the first quarter 2005 linked to a change in tax regulation, APE would have increased by 29%, mainly driven by Investment & Savings unit-linked (especially TwinStar €+36 million) and Health business (notably following the launch of a new Medical Cost Insurance product).

Investment Margin increased by €30 million to €96 million mainly driven by higher income from fixed maturities as well as lower policyholder participation.

Fees & revenues were strongly up by €39 million to €127 million, mainly resulting from higher new business especially from unit-linked products.

Net Technical Margin increased by €5 million to €50 million mainly due to the improvement of surrender margin in Life & Savings combined with lower policyholder participation in Life, offset by a lower technical margin in Health.

Expenses increased by €10 million to €-92 million, primarily explained by the set-up expenses for the new product "Twinstar" and higher commissions in line with strong new business in Health.

As a result of the above, **underlying cost income ratio** improved by 1.5 points to 54.2%.

Income tax expenses increased by €27 million to €-99 million in line with higher pre-tax earnings.

Underlying Earnings increased by €39 million to €69 million mainly driven by the improved investment margin and the increase of fees and revenues partly offset by higher expenses and taxes.

Adjusted Earnings increased by €43 million to €75 million benefiting from the increase in underlying earnings.

Net Income increased by €46 million to €81 million in line with adjusted earnings evolution.

Life & Savings operations - Belgium

(in euro million)	FY 2 006	FY 2005	FY 2004
Gross revenues	**2 512**	**2 734**	**2 188**
APE (group share)	*300*	*336*	*266*
Investment margin	86	74	99
Fees & revenues	146	143	132
Net technical margin	56	49	41
Expenses	-194	-183	-185
Amortization of VBI	-7	-2	0
Underlying operating earnings before tax	**87**	**81**	**86**
Income tax expenses / benefits	-22	-25	-12
Minority interests	0	0	0
Underlying earnings group share	**65**	**56**	**74**
Net capital gains attributable to shareholders net of income tax	255	85	99
Adjusted earnings group share	**320**	**141**	**173**
Profit or loss on financial assets (under FV option) & derivatives	-10	-11	19
Exceptional operations (including discontinued operations)	0	0	0
Goodwill and other related intangibles impacts	0	0	0
Net income group share	**310**	**131**	**191**

Gross Revenues decreased by €222 million to €2,512 million due to the exceptionally high production level of December 2005 induced by the introduction of a new tax on premium in 2006 and by the end of the distribution agreement with “La Poste” in Q1'05.

- *Individual Life and Savings revenues (84% of revenues)* decreased by 10% to €2,122 million. The decrease was driven by the fall in both non unit-linked contracts (-8% to €1,567 million) and unit-linked contracts (-26% to 290 million), partly offset by the growth in Traditional life (+4% to €264 million). Excluding “La Poste”, Individual life and savings revenues decreased by 7%.

- *Group Life and Savings revenues (16% of revenues)* increased by 1% to €390 million. Regular premiums were stable at €343 million and single premiums grew by 5% to €47 million.

APE decreased by 11% to €300 million, mainly driven by non unit-linked contracts as a result of the very high production in Crest in December 2005.

Investment margin was up €12 million to €86 million. The average underlying investment margin increased by 1bp to 0.55% as the average investment return decreased by 12bps while the average credited rate fell by 13bps. As a consequence of the increased share of lower guaranteed rate products (Crest 30 and Crest 40), the average guaranteed rate decreased by 36bps.

Fees and revenues were up €3 million to €146 million.

The **net technical margin** rose by €7 million to €56 million mainly due to a €5 million non recurring release of reserves on disability business and to a strong increase of the mortality margin (€4 million) driven by an exceptionally low level of paid claims partly offset by the non repeat of the recovery in 2005 on undue annuity paid to the social security body (€-3 million).

Expenses increased by €12 million to €-194 million mainly due to the rise in the commission expenses driven by commissions linked to account balances and the decrease of net movements in DAC/DOC. The overhead costs remained stable despite the regulatory salary indexation.

The **underlying cost income ratio** decreased from 77.0% to 73.8% as a consequence of higher underlying investment and technical margin.

Income tax expenses decreased by €3 million to €-22 million.

As a result of the above, **underlying earnings** increased by €9 million to €65 million.

Adjusted earnings increased significantly by €179 million to €320 million driven by higher gross realized capital gains (€+217 million to €360 million) mainly in equity investments partly offset by higher policyholder bonus on segregated funds (€-59 million to €-139 million).

Net income increased by €180 million to €310 million in line with higher adjusted earnings.

Life & Savings operations – Southern Europe

(in euro million)	FY 2 006	FY 2005	FY 2004
Gross revenues	**1 357**	**1 439**	**1 333**
APE (group share)	*143*	*140*	*125*
Investment margin	67	53	44
Fees & revenues	88	88	99
Net technical margin	23	33	34
Expenses	-103	-105	-110
Amortization of VBI	-5	-6	-6
Underlying operating earnings before tax	**68**	**64**	**61**
Income tax expenses / benefits	-18	-20	-19
Minority interests	-1	0	0
Underlying earnings group share	**50**	**44**	**41**
Net capital gains attributable to shareholders net of income tax	7	10	7
Adjusted earnings group share	**57**	**54**	**48**
Profit or loss on financial assets (under FV option) & derivatives	0	3	2
Exceptional operations (including discontinued operations)	0	0	0
Goodwill and other related intangibles impacts	0	0	0
Net income group share	**57**	**57**	**50**

Gross revenues decreased by 6% to €1,357 million. Investments and savings revenues decreased by 4% to €1,202 million mainly due to the lower amount of traditional contracts from institutional activity, as well as a lower unit-linked production through partnerships with banks partially offset by the launch of new products. Life premiums decreased by 17% to €155 million, mainly as a result of the termination in May 2005 of an important bank-insurance agreement in Traditional Life.

Thanks to new products launched and a better mix of regular premiums, new business **APE** increased by 2% to €143 million despite the lower revenues. The evolution by distribution channel is contrasted: Proprietary channels showed a 20% growth, whereas non-proprietary channels showed a 28% decrease, mainly due to the termination of the above mentioned agreement in traditional life line of business.

- *Investments & Savings* (€128 million or 89% of total APE) increased by 5%:
  - Non-unit-linked contracts (€102 million or 71% of total APE) increased by 9%, driven by a strong level of new business in the retail segment and the improvement of regular / single premium mix backed by the launch of new products during the second half of the year, partially offset by the lower institutional activity issued in Italy in 2006 (-51% or €-8 million of APE).
  - Unit-linked contracts (€26 million or 18% of total APE) decreased by 8% following strong bank-insurance activity in 2005.
- *Life* (11% of total APE, €15 million) decreased by 15% mainly as a result of the cancellation of the above-mentioned important bank-insurance agreement in May 2005.

Underlying investment margin rose by €13 million to €67 million, notably driven by higher investment income (€14 million to €334 million) as a result of increased average asset base, while policyholder bonus increased by €1 million mainly due to a change in product mix which resulted in a lower policyholder benefit rate (-1.8 points to 84%).

Fees & revenues were almost stable (€-1 million to €88 million). The reduction of fees linked to the termination of a distribution agreement on traditional life products was offset by the new business in investments and savings

Net technical margin decreased by €10 million to €23 million, mainly driven by a lower surrender margin in line with market trend as well as the non recurring release of a technical policyholder bonus reserve in 2005 (€-3 million) following the termination of a distribution agreement.

Expenses (including VBI amortization) decreased by €2 million to €108 million as a result of the switch of new business towards products with lower commissions (€7 million), partly offset by higher DAC amortization. Non-commissions expenses (including VBI amortization) remained stable at €57 million.

As a result of improved investment margin and lower expenses, the **underlying cost income ratio** improved by 3.3 points to 62.4%.

Income tax expenses decreased by €2 million to €18 million despite the better pre-tax result, mainly due to the positive impact of tax reforms in Spain and in Portugal resulting in a decrease in tax rate.

As a result, **underlying earnings** were up €6 million to €50 million.

Adjusted earnings increased by €3 million to €57 million due to the increase in underlying earnings partly offset by lower capital gains on fixed maturities.

Net income decreased by €1 million to €57 million as the increase in adjusted earnings was more than offset by a lower fair value adjustment on derivatives instruments.

Life & Savings Operations - Other Countries

The following tables present the operating results for the other Life & Savings operations of AXA:

Consolidated Gross revenues

(in euro million)	FY 2006	FY 2005	FY 2004
Australia / New Zealand	1 254	1 225	1 156
Hong Kong	1 041	832	734
The Netherlands (a)	527	531	765
Other countries	603	472	340
Singapore	156	124	103
Switzerland	141	116	92
Canada	115	71	62
Morocco	49	55	56
Luxembourg	48	38	27
Turkey (b)	70	68	0
South East Asia (c)	24	-	-
TOTAL	**3 424**	**3 060**	**2 995**
Intercompany transactions	0	-1	-2
Contribution to consolidated gross revenues	**3 424**	**3 059**	**2 993**

(a) The disability portfolio which was previously reported under the Life segment is now reported under the Property & Casualty segment Since December 1st, 2004. The Health portfolio which was previously reported under the Life segment has been disposed of at December 1st, 2004.

(b) Change in consolidation method in Turkey (from equity method to full consolidation) as at January 1st, 2005.

(c) Includes Indonesia : P.T. Kotak Biru Konsultama and P.T. Indonesia Emas Perkasa (Former MLC Indonesia) and P.T. AXA Life Indonesia.

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005 Restated (c)	FY 2005 Published	FY 2004 Restated (c)	FY 2004 Published
Australia / New Zealand	83	64	64	50	50
Hong Kong	111	84	84	60	60
The Netherlands (a)	55	44	44	66	66
Other countries	18	6	6	12	12
Singapore	0	0	0	-0	-0
Switzerland	3	2	2	1	1
Canada	4	-3	-3	3	3
Morocco	4	3	3	2	2
Luxembourg	5	2	2	3	3
Turkey (b)	2	3	3	2	2
South East Asia (d)	-0	-	-	-	-
UNDERLYING EARNINGS	**268**	**198**	**198**	**188**	**188**
Net realized capital gains attributable to shareholders	47	42	42	37	36
ADJUSTED EARNINGS	**315**	**240**	**240**	**226**	**225**
Profit or loss on financial assets (under fair value option) & derivatives	7	2	3	1	2
Exceptional operations (including discontinued operations)	-3	0	0	3	3
Goodwill and other related intangible impacts	0	0	0	0	0
NET INCOME	**318**	**242**	**242**	**230**	**230**

(a) The disability portfolio which was previously reported under the Life segment is now reported under the Property & Casualty segment since December 1st, 2004. The Health portfolio which was previously reported under the Life segment has been disposed of at December 1st 2004.

(b) Change in consolidation method in Turkey (from equity method to full consolidation) as at January 1st, 2005.

(c) Restated means : transfer of the forex impact from adjusted earnings to net income.

(d) Includes Indonesia, Thailand and Philippines businesses.

AUSTRALIA AND NEW ZEALAND[14 15]

Gross revenues were up 2% to €1,254 million on a comparable basis.

- **Gross written premiums** including fees from investment contracts without discretionary participating features were down 3% to €981 million. Group superannuation premiums decreased as there has been a continued trend away from traditional investment and savings products towards mutual funds business. This was partially offset by higher individual life sales.
- **Revenues from mutual fund and advice businesses** increased by 28% to €273 million on a comparable basis reflecting the growth in funds under management particularly in mezzanine funds, and improved investment market conditions.

Mutual funds retail net flows[16] were up +68% on a comparable basis to €1,859 million. Continuing strong inflows into the mezzanine global equity value fund and growth in Ipac, with a fund transfer of €132 million in June 2006 from one of Ipac's equity partners contributed to this performance. In addition, the Summit and Generations wrap platforms contributed to the increase.

APE of €420 million was stable as strong growth in the superannuation and investment fund inflows was offset to a large extent by a reduction in AllianceBernstein inflows compared to 2005 which included two large mandates. Excluding AllianceBernstein mandates, APE was up 13% to €256 million driven by higher inflows into mezzanine funds, as well as an increased in sales into Summit and Generations wrap platforms.

Underlying Earnings were up €21 million to €83 million. On a 100% ownership basis, the evolution was as follows:

- the **investment margin** was up €19 million to €23 million, largely due to lower interest expense on inter-company loans and debts and strong investment market performance.
- **fees and revenues** were up €82 million to €621 million, reflecting strong inflows and higher funds under management and administration following strong market performance.
- the **net technical margin** was up €26 million to €23 million, due to more favorable claims termination experience in the health business and strong claims experience in group life.
- **expenses** (including VBI amortization) were up €-52 million to €-499 million, reflecting higher commissions associated with increased fees and revenues.
- the **tax expense** was up €34 million to €-9 million, reflecting growth in pre-tax earnings and the non-recurrence of some 2005 tax benefits including transitional tax relief which ended on July 1, 2005.

Overall, the **underlying cost income ratio** improved from 82.0% to 73.1%.

Adjusted Earnings were up €31 million to €96 million, reflecting the increase in underlying earnings as well as higher net capital gains on equities (up €10 million to €13 million).

Net Income was up €33 million to €100 million, reflecting the increase in adjusted earnings and a foreign exchange gain.

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[15] All comparisons to prior year figures are on a constant exchange rate basis.

[15] AXA interest in AXA Asia Pacific Group is 52.7% broken down into 51.6% direct interest holding and an additional 1.1% owned by the AAPH Executive plan trust

[16] Net mutual fund sales exclude the net inflows of AllianceBernstein JV, as they are included in AllianceBernstein inflows

HONG-KONG[17 18]

On May 8, 2006, AXA APH completed its acquisition of MLC Hong-Kong. In the following commentaries, "on a comparable basis" means excluding the contribution from MLC Hong-Kong" in the second half of 2006. (Underlying earnings €6 million and Adjusted earnings €4 million Group share.)

Gross revenues were up 25% to €1,041 million. On a comparable basis, gross revenues increased by 15%.

APE was up 32% to €100 million. On a comparable basis, new business APE was up 28% benefiting from the increase in Individual Life regular premiums, due to strong sales from agency brokers and AXA advisers, strong growth in single premium unit-linked products as well as from new unit trust products sold through bank distribution agreements.

Underlying earnings were up €28 million to €111 million. On a comparable basis, the underlying earnings were up €21 million mainly due to an increase in (i) fees and revenues (€11 million) reflecting increased sales and growing inforce portfolio, (ii) technical margin (€11 million) reflecting better claims experience together with successful National Life switching campaigns leading to an increase in the surrender margin and (iii) investment margin (€5 million) on a higher inforce portfolio partly offset by higher expenses (€-8 million) as a result of higher investments in strategic initiatives to support growth in Hong Kong.

As a consequence, the **underlying cost income ratio** decreased to 51.0% in 2006 from 52.5%. On a comparable basis, the underlying cost income ratio was 51.7% in 2006.

Adjusted earnings increased by €26 million to €119 million. On a comparable basis, adjusted earnings were up €22 million driven by higher underlying earnings.

Net income of € 115 million was €23 million higher than last year. On a comparable basis, net income was up €18 million.

THE NETHERLANDS

Gross revenues decreased by €4 million to €527 million. Higher single and regular premiums in Investments & Savings Unit-Linked (within mortgage and pension segments), were more than offset by lower Life Non Unit-Linked regular premiums (as traditional portfolio is in run-off).

APE increased by €3 million to €48 million, mainly due to higher new business within the mortgage and pension segments.

Underlying earnings improved by €11 million to €55 million, mainly attributable to improved investment result, mainly driven by (i) higher dividends received, and (ii) the release of an interest expense provision regarding tax review on prior liabilities due to finalizing several fiscal years; but also as a result of a better mortality experience.

Adjusted earnings improved by €5 million to €76 million, as the improved underlying earnings result was partly compensated by lower net realized capital gains (€-6 million).

Net income improved by €5 million to €77 million in line with adjusted earnings.

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[17] All comparisons to prior year figures are on a constant exchange rate basis

[18] AXA interest in AXA Asia Pacific Group is 52.7% broken down into 51.6% direct interest holding and an additional 1.1% owned by the AAPH Executive plan trust

SWITZERLAND

Gross revenues were up 24% on a constant exchange rate basis to €141 million mainly due to Investment & Savings (+24%) as a result of new products and marketing initiatives.

Underlying earnings increased by €1 million to €3 million mainly due to higher fees & revenues as a result of new business in Investment & Savings regular premiums.

Adjusted earnings were up €3 million to €7 million mainly driven by higher capital gains on equity securities.

Net income rose by €3 million to €7 million in line with adjusted earnings.

CANADA

Gross revenues amounted to €115 million. On a constant exchange rate basis, revenues increased by €37 million mainly as a result of the acquisition of Citadel (€+30 million) and higher fees from mutual fund sales (€+2 million).

Underlying earnings, adjusted earnings and net income increased by €7 million to €4 million due to the acquisition of Citadel and the reduction of the deferred income tax rate.

MOROCCO[19]

Gross revenues were down 11% on a constant exchange rate basis to €49 million mainly due to the termination of a bank insurance agreement.

Underlying earnings, adjusted earnings and net income rose by €1 million to €4 million.

TURKEY[20]

Gross revenues were up 12% on a constant exchange rate basis to €70 million driven by the development of traditional life business.

Underlying earnings, adjusted earnings and net income were stable, on a constant exchange rate basis at €2 million. **Net income** was stable at €3 million.

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[19] *AXA Assurance Maroc is 51% owned by AXA.*

[20] *AXA Oyak Hayat is 50% owned by AXA.*

Property & Casualty Segment

The tables below present the gross premiums and net income attributable to AXA's Property & Casualty segment for the periods indicated.

Property and Casualty Segment (a) (b)

(in euro million)	FY 2006	FY 2005 Restated (c)	FY 2005 Published	FY 2004 Restated (c)	FY 2004 Published
Gross written premiums	19 830	18 913	18 913	17 903	17 903
Fees and revenues from investment contracts with no participating feature	0	0	0	0	0
Revenues from insurance activities	***19 830***	***18 913***	***18 913***	***17 903***	***17 903***
Net revenues from banking activities	***0***	***0***	***0***	***0***	***0***
Revenues from other activities	***52***	***43***	***43***	***42***	***42***
TOTAL REVENUES	**19 882**	**18 956**	**18 956**	**17 945**	**17 945**
Change in unearned premium reserves net of unearned revenues and fees	***-142***	***-269***	***-269***	***-250***	***-250***
Net investment result excluding financing expenses	***1 594***	***1 461***	***1 461***	***1 320***	***1 320***
Technical charges relating to insurance activities	-12 841	-12 347	-12 347	-11 959	-11 959
Net result of reinsurance ceded	-632	-581	-581	-663	-663
Bank operating expenses	0	0	0	0	0
Insurance acquisition expenses	-3 787	-3 382	-3 382	-3 089	-3 089
Amortization of value of purchased life business in force	0	0	0	0	0
Administrative expenses	-1 851	-1 960	-1 960	-1 717	-1 717
Valuation allowances on tangibles assets	11	-1	-1	-7	-7
Other	-20	12	12	-15	-15
Other operating income and expenses	***-19 120***	***-18 259***	***-18 259***	***-17 450***	***-17 450***
INCOME FROM OPERATING ACTIVITIES, GROSS OF TAX EXPENSE	**2 213**	**1 890**	**1 890**	**1 566**	**1 566**
Net income from investments in affiliates and associates	9	3	3	34	34
Financing expenses	-8	-11	-11	-22	-22
OPERATING INCOME GROSS OF TAX EXPENSE	**2 214**	**1 882**	**1 882**	**1 577**	**1 577**
Income tax expense	-719	-493	-493	-443	-443
Minority interests in income or loss	-42	-44	-44	-32	-32
UNDERLYING EARNINGS	**1 453**	**1 346**	**1 346**	**1 102**	**1 102**
Net realized capital gains attributable to shareholders	441	341	307	288	272
ADJUSTED EARNINGS	**1 895**	**1 687**	**1 653**	**1 390**	**1 374**
Profit or loss on financial assets (under fair value option) & derivatives	71	51	85	67	83
Exceptional operations (including discontinued operations)	13	0	0	12	12
Goodwill and other related intangible impacts	-2	-1	-1	-30	-30
NET INCOME	**1 977**	**1 737**	**1 737**	**1 439**	**1 439**

(a) before intercompany transactions

(b) Change in consolidation method in Turkey, Hong-Kong and Singapore (from equity method to full consolidation) as at January 1st, 2005.

(c) Restated means : transfer of the forex impact from adjusted earnings to net income.

Consolidated Gross revenues [(a)]

(in euro million)	FY 2006	FY 2005	FY 2004
France	5 219	5 096	4 932
United Kingdom & Ireland	4 742	4 413	4 493
Germany	2 759	2 798	2 815
Belgium	1 520	1 462	1 443
Southern Europe	3 160	3 019	2 901
Other countries (b)	2 483	2 168	1 361
TOTAL	**19 882**	**18 956**	**17 945**
Intercompany transactions	-89	-81	-93
Contribution to consolidated gross revenues	**19 793**	**18 874**	**17 852**

(a) Gross written premiums including intercompany eliminations

(b) Change in consolidation method in Turkey, Hong-Kong and Singapore (from equity method to full consolidation) as at January 1st, 2005.

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005 Restated (b)	FY 2005 Published	FY 2004 Restated (b)	FY 2004 Published
France	382	363	363	304	304
United Kingdom & Ireland	386	399	399	302	302
Germany	181	178	178	120	120
Belgium	147	128	128	159	159
Southern Europe	148	125	125	114	114
Other countries (a)	208	153	153	102	102
UNDERLYING EARNINGS	**1 453**	**1 346**	**1 346**	**1 102**	**1 102**
Net realized capital gains attributable to shareholders	441	341	307	288	272
ADJUSTED EARNINGS	**1 895**	**1 687**	**1 653**	**1 390**	**1 374**
Profit or loss on financial assets (under fair value option) & derivatives	71	51	85	67	83
Exceptional operations (including discontinued operations)	13	0	0	12	12
Goodwill and other related intangible impacts	-2	-1	-1	-30	-30
NET INCOME	**1 977**	**1 737**	**1 737**	**1 439**	**1 439**

(a) Change in consolidation method in Turkey, Hong-Kong and Singapore (from equity method to full consolidation) as at January 1st, 2005.

(b) Restated means : transfer of the forex impact from adjusted earnings to net income.

Property & Casualty Operations - France

(in euro million)	FY 2 006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**5 219**	**5 096**	**5 096**	**4 932**	**4 932**
Current accident year loss ratio (net)	74,6%	74,0%	74,0%	74,3%	74,3%
All accident year loss ratio (net)	73,5%	73,5%	73,5%	75,4%	75,4%
Net technical result	**1 390**	**1 345**	**1 345**	**1 195**	**1 195**
Expense ratio	24,1%	24,4%	24,4%	23,3%	23,3%
Net underlying investment result	464	464	464	424	424
Underlying operating earnings before tax	**592**	**569**	**569**	**482**	**482**
Income tax expenses / benefits	-210	-206	-206	-177	-177
Net income from investment in affiliates and associates	0	0	0	0	0
Minority interests	0	0	0	0	0
Underlying earnings group share	**382**	**363**	**363**	**304**	**304**
Net capital gains attributable to shareholders net of income tax	70	85	57	70	77
Adjusted earnings group share	**452**	**448**	**419**	**374**	**381**
Profit or loss on financial assets (under FV option) & derivatives	64	17	45	33	26
Exceptional operations (including discontinued operations)	0	0	0	0	0
Goodwill and other related intangibles impacts	0	0	0	0	0
Net income group share	**515**	**464**	**464**	**407**	**407**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross revenues increased by 2% to €5,219 million or by 4%, net of intercompany transactions and on a comparable basis:

- *Personal lines* (61% of gross written premiums) increased by 2% to €3,166 million, mainly reflecting (i) positive net inflows in Motor (+58,000 new contracts) sustained by advertising campaigns in a very competitive market, and (ii) positive net inflows in Household (+23,000 new contracts) with an ongoing price increase.
- The 6% strong increase in *Commercial lines premiums* (39% of gross written premiums) to €2,022 million was driven by overall positive inflows, rate increases, notably in Liability and in Construction (including positive prior year premium adjustments).

Net technical result improved by €45 million or 3% to €1,390 million:

– The 0.7 point *current accident year net loss ratio* deterioration to 74.6%, was mainly driven by Property due to both large claims and a higher cost of reinsurance.

– The *prior accident year net technical result* improved by €38 million to €60 million, mainly fuelled by positive developments in Property, as in 2005, and in Motor (up €52 million to €16 million as 2005 was negatively impacted by a decrease in the annuity interest rate).

Expense ratio decreased by 0.3 point to 24.1% mainly driven by the improvement in the administrative expense ratio by 0.5 point to 8.9% following a non recurring charge related to agents benefits in 2005.

As a consequence, the **combined ratio** improved by 0.4 point to 97.5%.

Net investment result remained stable at €464 million as lower equity dividend income following internal restructuring of the holding scheme of some equity investments (sold to AXA France Vie) was offset by higher income on fixed maturities.

Income tax expense increased by €4 million to €-210 million in line with increased taxable income partially compensated by the 0.5 point decrease of the short term rate.

Underlying earnings increased by €20 million to €382 million reflecting the improved combined ratio.

Adjusted earnings increased by €4 million to €452 million as the underlying earnings increase (€+20 million) was offset by lower net capital gains (€-15 million to €70 million).

Net income increased by €51 million to €515 million reflecting (i) the stability of adjusted earnings (€+4 million), (ii) a positive impact of foreign exchange on a currency macro hedge (€+56 million to €28 million), partly offset by (iii) less favorable change of fair value on assets under fair value option (€-9 million to €36 million).

Property & Casualty Operations - United Kingdom & Ireland

(in euro million)	FY 2 006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**4 742**	**4 413**	**4 413**	**4 493**	**4 493**
Current accident year loss ratio (net)	63,6%	65,1%	65,1%	67,7%	67,7%
All accident year loss ratio (net)	61,8%	63,1%	63,1%	66,4%	66,4%
Net technical result	**1 790**	**1 610**	**1 610**	**1 502**	**1 502**
Expense ratio	34,7%	33,3%	33,3%	31,0%	31,0%
Net underlying investment result	338	283	283	283	283
Underlying operating earnings before tax	**501**	**442**	**442**	**383**	**383**
Income tax expenses / benefits	-114	-43	-43	-81	-81
Net income from investment in affiliates and associates	0	0	0	0	0
Minority interests	0	0	0	0	0
Underlying earnings group share	**386**	**399**	**399**	**302**	**302**
Net capital gains attributable to shareholders net of income tax	75	62	64	62	57
Adjusted earnings group share	**461**	**461**	**464**	**364**	**359**
Profit or loss on financial assets (under FV option) & derivatives	-9	3	0	-5	0
Exceptional operations (including discontinued operations)	0	0	0	12	12
Goodwill and other related intangibles impacts	0	0	0	0	0
Net income group share	**451**	**464**	**464**	**372**	**372**
Average exchange rate : 1.00 € = £	*0,6817*	*0,6840*	*0,6840*	*0,6784*	*0,6784*

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross Revenues increased by 7% to €4,742 million on current and constant exchange rate base, reflecting significant growth on Personal Motor, Health and both Personal and Commercial Property.

- *Personal Lines* (51% of the P&C premiums) were up 10% on a constant exchange rate basis due to a strong performance in the Motor business resulting from updated pricing strategies and new business growth in the UK. Property growth of 15.7% on a constant exchange rate basis was mainly due to additional corporate partner deals incepted in 2005 and 2006 in the UK. The 7.0% growth in Health was driven by higher volumes in UK and International Individual business, together with higher average premiums.
- *Commercial Lines* (49% of the P&C premiums) were up 4.5% on a constant exchange rate basis reflecting growth in Commercial Property and Health. Growth of 9.5% in Property on a constant exchange rate basis is mainly attributable to delegated authority new business deals in the UK. Growth of 7.1% in Health is mainly due to UK and International SME business.

Net Technical Result increased by €180 million on a current exchange rate basis (€+175 million on a constant exchange rate basis) to €1,790 million:

- The *current accident year loss ratio* improved by 1.5 points to 63.6%, driven by favorable claims experience and benign weather in 2006, improved claims management and risk selection in Health, partially offset by higher claims frequency on the Ireland Motor account combined with a reduction in average earned premiums.
- The *all accident year loss ratio* improved by 1.3 points to 61.8%, broadly reflecting the favorable current accident year loss ratio.

Expense ratio deteriorated by 1.5 points to 34.7% largely as a result of the increase of the commission ratio by 1.6 points as a result of a change in business mix, higher profit commission and increased volumes on higher commission rated delegated authority business in the UK. The acquisition cost ratio excluding commissions increased by 0.3 point mainly due to Distribution and Customers Operations with increased activity arising from new Corporate Partners. This was slightly offset by 0.4 point improvement in administrative expense ratio primarily as a result of expenses incurred in prior year on the closure of a business transformation project for Health

As a result**,** the **combined ratio** deteriorated by 0.2 point to 96.5%.

Net underlying investment result increased by €56 million on current exchange rate basis or €55 million on a constant exchange rate basis, as a result of a higher asset base and interest rates.

Income tax expenses increased by €72 million on a current exchange rate basis (€+71 million on a constant exchange rate basis) reflecting the improvement in the pre-tax result and 2005 included a €51 million tax benefit.

Underlying Earnings decreased by €13 million to €386 million on a current exchange rate basis (€-14 million on a constant exchange rate basis), as the improvement in net technical result and favorable investment performance were more than offset by the increase in income tax expenses.

Adjusted Earnings decreased by €-1 million on a current exchange rate basis and €-2 million on a constant exchange rate basis to €461 million as the decrease in underlying earnings was largely offset by €12 million higher net capital gains.

Net Income decreased by €13 million on a current exchange rate basis (€-14 million on a constant exchange rate basis) to €451 million due to the adverse foreign exchange movements.

Property & Casualty Operations - Germany

(in euro million)	FY 2 006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
Gross revenues	**2 759**	**2 798**	**2 798**	**2 815**	**2 815**
Current accident year loss ratio (net)	74,2%	72,2%	72,2%	75,6%	75,6%
All accident year loss ratio (net)	67,8%	65,8%	65,8%	69,6%	69,6%
Net technical result	**889**	**958**	**958**	**859**	**859**
Expense ratio	30,3%	32,5%	32,5%	29,2%	29,2%
Net underlying investment result	239	218	218	171	171
Underlying operating earnings before tax	**293**	**266**	**266**	**204**	**204**
Income tax expenses / benefits	-108	-76	-76	-77	-77
Net income from investment in affiliates and associates	4	3	3	3	3
Minority interests	-7	-15	-15	-10	-10
Underlying earnings group share	**181**	**178**	**178**	**120**	**120**
Net capital gains attributable to shareholders net of income tax	77	87	80	23	4
Adjusted earnings group share	**259**	**265**	**258**	**143**	**124**
Profit or loss on financial assets (under FV option) & derivatives	26	30	37	15	34
Exceptional operations (including discontinued operations)	-3	0	0	0	0
Goodwill and other related intangibles impacts	0	0	0	5	5
Net income group share	**282**	**295**	**295**	**163**	**163**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Please note that from 2006 on, the run-off portfolio of AXA Germany is reported under International Insurance Business. In 2005, AXA Germany P&C underlying earnings included €8 million corresponding to this portfolio.

Gross revenues decreased by 1% to €2,759 million. On a comparable basis, gross revenues increased by 1% (excluding the sale of DARAG retroactive as at January 1, 2006 and excluding the run off portfolio).

- *Personal lines* (61% of total gross revenues) increased by 2% mainly driven by Motor lines up +4% due to strong positive net inflows (+157,000 contracts). Property and Liability both increased by 1% following the launch of new products for SMEs (e.g. Profischutz).
- *Commercial lines* (32% of total gross revenues) decreased by 1% mainly due to Property (-2%), driven by a decrease in average premium, and Accident (-3%), following a decline in net production, partly offset by motor (+1%) following the launch of a new motor fleet product.
- *Other* lines (7% of total gross revenues) increased by 7% mainly due to AXA Art.

Net technical result decreased by €70 million to €889 million, as:

- *Current accident year loss ratio* deteriorated by 2.0 points to 74.2% driven by higher large claims charge than the exceptionally benign 2005 experience, and the increase of claims handling costs provision to reflect higher unit costs.
- *All accident year loss ratio* increased by 2.0 points to 67.8% in line with the development of the current accident year loss ratio. The net technical result of previous years amounted to €177 million in 2006 (vs. €180 million in 2005) primarily driven by boni on personal motor and commercial liability.

Expense ratio improved by 2.3 points to 30.3% mainly driven by a lower administrative expense ratio (-2.4 points), mainly due to the release of some VAT provisions coupled with a VAT refund following the creation of a VAT group, as well as to the non-recurrence of several 2005 one-off expenses. Acquisition expense ratio marginally deteriorated (+0.1 point), as the non-recurrence of the 2005 amortization of some capitalized acquisition costs was offset by higher marketing expenses.

Overall, **the net combined ratio** improved by 0.2 point to 98.1%.

Net underlying investment result increased by €21 million to €239 million mainly driven by higher dividends from equities.

Income tax expense increased by €32 million to €-108 million due to higher taxable income coupled with a less favorable mix of taxable and non taxable elements.

As a result of the above, **underlying earnings** improved by €4 million to €181 million.

Adjusted earnings decreased by €6 million to €259 million as the improvement in underlying earnings was more than offset by lower capital gains mainly on equities.

Net income decreased by €13 million to €282 million resulting from lower adjusted earnings and unfavorable change in fair value on fixed maturities under fair value option, partly offset by gains on derivatives.

Property & Casualty Operations - Belgium

(in euro million)	FY 2 006	FY 2005	FY 2004
Gross revenues	**1 520**	**1 462**	**1 443**
Current accident year loss ratio (net)	78,1%	81,4%	82,6%
All accident year loss ratio (net)	66,0%	70,0%	69,4%
Net technical result	**512**	**439**	**442**
Expense ratio	29,3%	28,7%	28,0%
Net underlying investment result	178	167	179
Underlying operating earnings before tax	**245**	**183**	**215**
Income tax expenses / benefits	-98	-55	-56
Net income from investment in affiliates and associates	0	0	0
Minority interests	0	0	0
Underlying earnings group share	**147**	**128**	**159**
Net capital gains attributable to shareholders net of income tax	142	53	56
Adjusted earnings group share	**290**	**181**	**215**
Profit or loss on financial assets (under FV option) & derivatives	-6	1	14
Exceptional operations (including discontinued operations)	0	0	0
Goodwill and other related intangibles impacts	0	0	-1
Net income group share	**283**	**183**	**228**

Gross written premiums increased by 4% to €1,520 million driven by growth in both personal and commercial lines.

- *Personal Lines* (61% of the total gross written premiums): premiums increased by 3% mainly driven by household up 10% to €254 million as a result of the new Natural Disaster guarantee effective March 2006, and by motor (56% of personal lines written premiums) up 1% to €527 million driven by positive net inflows.

- *Commercial Lines* (38% of the total gross written premiums): premiums grew by 6% driven by increases in most lines as a result of portfolio and tariff increases.

Net technical result was up €73 million to €512 million as a result of:

- *The current year loss ratio* improved by 3.3 points to 78.1% due to an improved claims pattern in all Personal Lines (except Personal Accidents), Property, Health and Marine.
- *The all accident year loss ratio* improved by 4.0 points to 66.0% due to the better current year loss ratio and to higher prior years' results.

Expense ratio increased by 0.7 point to 29.3% driven by the increase in administrative expense ratio by 0,5 point to 8.7% mainly due to an IT project related to product offering segmentation (€4 million), and staff costs (regulatory salary indexation).

As a result, the **combined ratio** improved by 3.3 points to 95.4%.

Net underlying investment result increased by €11 million to €178 million, mainly driven by higher income on fixed maturities and equity investments.

Income tax expense increased by €43 million to €98 million, as a result of higher pre-tax underlying earnings.

Underlying Earnings increased by €19 million to €147 million as a result of the improvement in combined ratio and higher net investment result, partially offset by higher tax expenses.

Adjusted Earnings increased by €109 million to €290 million as a result of higher underlying earnings and higher realized gains on equities (€+76 million) and real estate (due to non recurrence of a €13 million depreciation on one building in 2005).

Net Income increased by €101 million to €283 million as a result of higher adjusted earnings and unfavorable change in fair value on corporate bond mutual funds under fair value option due to interest rate increases.

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Property & Casualty Operations – Southern Europe

(in euro million)	FY 2 006	FY 2005	FY 2004
Gross revenues	**3 160**	**3 019**	**2 901**
Current accident year loss ratio (net)	77,0%	78,3%	78,5%
All accident year loss ratio (net)	74,7%	75,6%	76,0%
Net technical result	**789**	**713**	**661**
Expense ratio	23,6%	23,5%	23,4%
Net underlying investment result	184	167	150
Underlying operating earnings before tax	**238**	**194**	**168**
Income tax expenses / benefits	-90	-68	-53
Net income from investment in affiliates and associates	0	0	0
Minority interests	0	0	0
Underlying earnings group share	**148**	**125**	**114**
Net capital gains attributable to shareholders net of income tax	42	27	62
Adjusted earnings group share	**190**	**152**	**177**
Profit or loss on financial assets (under FV option) & derivatives	-1	1	8
Exceptional operations (including discontinued operations)	0	0	0
Goodwill and other related intangibles impacts	0	0	0
Net income group share	**189**	**153**	**185**

Gross written premiums increased by 4% on a comparable basis to €3,160 million.

- *Personal lines* (78% of gross written premiums, €2,468 million) grew by 6%. In motor (€1,814 million or 58% of gross written premiums), the 6% increase was driven by positive net inflows (+293,700 policies) coming both from direct and traditional networks, following the launch of new tariffs and products in the three countries. Motor average premium was flat as compared to 2005 in a very competitive market, thanks to the increasing weight of comprehensive cover policies in the portfolio. Non-motor lines (€649 million or 21% of gross written premiums) were up 7%, driven by growth in all lines.
- *Commercial lines* (22% of business, €688 million) were down 3%. In motor (6% of business, €198 million) revenues were up 3%. Non-motor business (16% of business, € 490 million) decreased by 5% mainly due to the non renewal of several corporate contracts.

Most of the growth was concentrated on proprietary distribution networks (72% of business, +6%) whereas non-proprietary networks were down 2%.

Net technical result increased by €76 million to €789 million as the loss ratio improved by 0.9 point to 74.7% mainly driven by strong monitoring of personal motor portfolio:

- *The current net technical result* increased by €86 million to €718 million resulting from the improvement of *the current accident year loss ratio* by 1.3 points to 77.0% mainly located in personal motor line of business, thanks to the favorable evolution of claims frequency and the continuous efforts to contain the average claims cost.
- *The prior year net technical result* decreased by €9 million to €70 million.

Expense ratio was almost stable at 23.6%. Administrative expense ratio excluding commissions improved by 0.3 point to 4.9% benefiting mainly from lower pre-retirement costs, especially in Portugal. Acquisition expense ratio excluding commissions ratio increased by 0.5 point to 5.0% primarily due to higher marketing costs (+0.4 point), aiming in particular to further develop direct distribution sales. Commission ratio decreased by 0.2 point to 13.6% partly driven by lower commission rate on the motor product launched in 2006.

As a result, the **combined ratio** improved by 0.8 point to 98.3%.

Net underlying investment result increased by €17 million to €184 million mainly driven by a larger average asset base combined with an improved return on the fixed maturity portfolio.

Income tax expense increased by €21 million to €90 million due to higher pre-tax earnings (€16 million impact), and a negative impact due to the evolution of tax regulations (€5 million), main impact in Italy.

Consequently, **underlying earnings** were up €23 million to €148 million.

Adjusted earnings were up €39 million to €190 million due to higher underlying earnings and higher capital gains on equity securities, thanks to good equity market conditions.

Net income increased by €36 million to €189 million reflecting the positive adjusted earnings evolution partly offset by the lower fair value adjustment on consolidated mutual funds under fair value option.

Property & Casualty Operations - Other Countries

Consolidated Gross revenues

(in euro million)	FY 2006	FY 2005	FY 2004
Canada	1 059	858	746
The Netherlands (a)	282	275	212
Other countries	1 142	1 035	403
Turkey (c)	508	453	0
Morocco	164	140	137
Japan	158	140	115
Switzerland	95	90	87
Asia (Excluding Japan) (b) (c)	149	144	0
Luxembourg	69	69	64
Central and Eastern Europe	0	-	-
TOTAL	**2 483**	**2 168**	**1 361**
Intercompany transactions	-5	-5	0
Contribution to consolidated gross revenues	**2 477**	**2 163**	**1 361**

(a) The disability portfolio which was previously reported under the Life segment is now reported under the Property & Casualty segment since December 1st, 2004. The Health portfolio which was previously reported under the Life segment has been disposed of at December 1st 2004.

(b) Includes Hong Kong and Singapore.

(c)Change in consolidation method in Turkey, Hong-Kong and Singapore (from equity method to full consolidation) as at January 1st, 2005. Hong Kong and Singapore businesses are now reported in Asia (Excluding Japan).

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005 Restated (c)	FY 2005 Published	FY 2004 Restated (c)	FY 2004 Published
Canada	113	80	80	61	61
The Netherlands (a)	36	19	19	-5	-5
Other countries	59	54	54	46	46
Turkey (b)	11	8	8	8	8
Morocco	14	13	13	13	13
Japan	1	5	5	3	3
Switzerland	7	2	2	2	2
Asia (Excluding Japan) (b) (d)	23	18	18	15	15
Of Which Malaysia	*6*	-	-	-	-
Luxembourg	9	8	8	6	6
Central and Eastern Europe	-6	-	-	-	-
UNDERLYING EARNINGS	**208**	**153**	**153**	**102**	**102**
Net realized capital gains attributable to shareholders	35	28	26	15	16
ADJUSTED EARNINGS	**243**	**181**	**179**	**117**	**118**
Profit or loss on financial assets (under fair value option) & derivatives	-1	-2	0	1	0
Exceptional operations (including discontinued operations)	16	0	0	0	0
Goodwill and other related intangible impacts	-2	-1	-1	-34	-34
NET INCOME	**256**	**179**	**179**	**83**	**83**

(a) The disability portfolio which was previously reported under the Life segment is now reported under the Property & Casualty segment since December 1st, 2004. The Health portfolio which was previously reported under the Life segment has been disposed of at December 1st 2004.

(b) Change in consolidation method in Turkey, Hong-Kong and Singapore (from equity method to full consolidation) as at January 1st, 2005. Hong Kong and Singapore businesses are now reported in Asia (Excluding Japan).

(c) Restated means : transfer of the forex impact from adjusted earnings to net income.

(d) Includes Malaysia (newly consolidated in 2006 in equity method), Hong Kong and Singapore.

CANADA

Gross revenues were up €200 million to 1,059 million, or up €140 million on a constant exchange rate basis. Excluding Citadel contribution of €145 million in 2006, gross revenues slightly decreased by €5 million as the result of a sustained level of new business (growth of 3%) combined with the impact related to the successful launch of the 18/24 month policies in 2005 leading to no renewal of these policies in 2006.

Underlying earnings were up €33 million or €27 million on a constant exchange rate basis to €113 million mainly resulting from the acquisition of Citadel combined with the improvement of the net combined ratio from 91.8% (93.0% including Citadel) to 91.0% reflecting the excellent performance across the board.

Adjusted earnings increased by €25 million on a constant exchange rate basis to €126 million in line with underlying earnings.

Net income increased by €19 million on a constant exchange rate basis to €119 million, as a result of higher adjusted earnings partly offset by Citadel's integration costs of €4 million as well as €2 million amortization charge of the intangible assets related to Citadel.

THE NETHERLANDS

Gross revenues increased by 3% to €282 million mainly driven by new business in Authorized agents and Individual Disability, partly offset by the effects of the exit of Group Disability business as a consequence of legal changes in the Netherlands.

Underlying earnings increased by €17 million to €36 million, driven by a 7.8 point improvement in combined ratio to 91.8% following positive experience in Fire lines, combined with positive prior year developments, partly offset by higher profit-sharing commissions.

Adjusted earnings increased by €12 million to €37 million driven by underlying earnings and lower realized capital gains of €5 million, mainly due to the sale of real estate in 2005.

Net income increased by €20 million to €45 million benefiting from €7 million additional contractual realized profit, related to the sale of the health portfolio to Achmea in 2004.

TURKEY[21]

Gross revenues increased by 21% on a constant exchange rate basis to €508 million driven by average motor premium increase and positive evolution of fire business.

Underlying earnings were up €3 million to €11 million, thanks to (i) the combined ratio improvement (-2.7 points to 98.4%) and (ii) investment income growth on fixed maturities.

Adjusted earnings were up €2 million to €11 million. **Net income** was up €2 million to €12 million.

MOROCCO

Gross revenues were up 17% on a constant exchange rate basis to €164 million, driven by personal motor, workmen compensation and fire lines of business.

Underlying earnings were up €1 million to €14 million as the combined ratio improvement (-6.3 points to 94.3%) was partly offset by the decrease in investment income on equity securities (especially high in 2005).

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[21] *AXA Oyak is 35% owned by AXA.*

Adjusted earnings and net income increased by €15 million to €29 million due to strong realization of capital gains on equities.

JAPAN

Gross written premiums increased by 20% on a constant exchange rate basis to €158 million, mainly driven by motor business growth. Total motor portfolio (455,000 contracts) continued to show a sharp increase (+104,000 contracts compared to December 2005) thanks to competitive rates, as well as the contribution from the new Motorcycle product.

Underlying earnings decreased by €4 million to €1 million as the slight improvement in the combined ratio (from 102.4% to 101.9%), following the decrease in the expense ratio (38.5% vs. 42.4% in 2005), despite the non-recurrence of boni recorded in 2005 was more than offset by a lower contribution from the release of the valuation allowance on deferred tax assets than last year.

Adjusted earnings decreased by €3 million to €1 million in line with underlying earnings.

Net income decreased by €5 million to €-1 million reflecting some unrealized losses on fixed maturity mutual funds under fair value option.

ASIA (EXLCUDING JAPAN)

SINGAPORE

Gross written premiums (excl ACS business) increased by 3.3% to €85 million on a constant exchange rate basis, mainly driven by personal motor given our competitive pricing and improved renewal retention ratio.

Underlying earnings, Adjusted earnings and Net income were slightly below prior year at around €10 million with a combined ratio of 90.9% (vs. 88.0% in 2005) which has been impacted notably by an increase of claims incurred in the commercial property and casualty businesses.

HONG KONG

Gross Written Premium (excl ACS business) remained stable at €64 million, compared to 2005 on a constant exchange rate basis. Excluding premium adjustments in workers compensation products (ECI construction), revenues increased by 1.6%.

Underlying earnings were stable at €8 million on a constant exchange rate basis, with a slight increase in the combined ratio from 94.3% to 95.2%.

Adjusted earnings decreased by €1 million to €10 million on a constant exchange rate basis mainly attributable to a reduction of realized capital gains by €1 million.

Net income increased by €1 million to €10 million on a constant exchange rate basis, mainly attributable to a reduction of exchange losses by €2 million.

CENTRAL AND EASTERN EUROPE

POLAND

The activity of the Avanssur platform in Poland was launched in September 2006.

Underlying earnings, adjusted earnings and net income amounted to €-6 million mainly due to administrative expenses.

International Insurance Segment

The following tables present the gross premiums and net income for the International Insurance Segment for the periods indicated:

Consolidated Gross revenues [(a)]

(in euro million)	**FY 2006**	**FY 2005**	**FY 2004**
AXA RE	na	1 460	1 069
AXA Corporate Solutions Assurance	1 697	1 614	1 517
AXA Cessions	57	60	94
AXA Assistance	702	621	554
Other *(b)*	1 355	147	239
TOTAL	**3 811**	**3 903**	**3 473**
Intercompany transactions	-95	-90	-109
Contribution to consolidated gross revenues	**3 716**	**3 813**	**3 363**

(a) Gross written premiums including intercompany eliminations

(b) Including AXA RE (in 2006 only), AXA RE Life and AXA Liabilities Managers.

Underlying, Adjusted earnings and Net Income

(in euro million)	**FY 2006**	**FY 2005 Restated (b)**	**FY 2005 Published**	**FY 2004 Restated (b)**	**FY 2004 Published**
AXA RE	na	11	11	96	96
AXA Corporate Solutions Assurance	84	72	72	50	50
AXA Cessions	15	9	9	17	17
AXA Assistance	21	17	17	17	17
Other *(a)*	11	-41	-41	-41	-41
UNDERLYING EARNINGS	**131**	**68**	**68**	**138**	**138**
Net realized capital gains attributable to shareholders	60	88	94	85	87
ADJUSTED EARNINGS	**191**	**156**	**162**	**224**	**226**
Profit or loss on financial assets (under fair value option) & derivatives	-1	5	-1	27	25
Exceptional operations (including discontinued operations)	66	23	23	0	0
Goodwill and other related intangible impacts	-12	0	0	-7	-7
NET INCOME	**244**	**184**	**184**	**244**	**244**

(a) Including AXA RE (in 2006 only), AXA RE Life and AXA Liabilities Managers.

(b) Restated means : transfer of the forex impact from adjusted earnings to net income.

AXA Corporate Solutions Assurance

(in euro million)	FY 2 006	FY 2005 Restated (b)	FY 2005 Published	FY 2004
Gross revenues	**1 697**	**1 614**	**1 614**	**1 517**
Current accident year loss ratio (net) [a]	88,7%	88,9%	88,9%	88,6%
All accident year loss ratio (net)	87,3%	87,9%	87,9%	87,2%
Net technical result	**207**	**189**	**189**	**195**
Expense ratio	12,8%	12,9%	12,9%	13,0%
Net underlying investment result	144	123	123	97
Underlying operating earnings before tax	**144**	**110**	**110**	**81**
Income tax expenses / benefits	-59	-37	-37	-30
Net income from investment in affiliates and associates	0	0	0	0
Minority interests	-1	-1	-1	-1
Underlying earnings group share	**84**	**72**	**72**	**50**
Net capital gains attributable to shareholders net of income tax	32	20	30	46
Adjusted earnings group share	**116**	**92**	**102**	**96**
Profit or loss on financial assets (under FV option) & derivatives	1	5	-5	1
Exceptional operations (including discontinued operation)	0	0	0	0
Goodwill and other related intangibles impacts	0	0	0	0
Net income group share	**117**	**97**	**97**	**97**

(a) Current accident year claim charges (including claims handling expenses) / Current accident year earned revenues (excluding premium adjustments on previous years).
(b) Restated means : transfer of the forex impact from adjusted earnings to net income.

Gross revenues amounted to €1,697 million, up €83 million (+5%) driven by (i) a strong portfolio development in Property (€84 million) due to reinsurance program restructuring providing additional underwriting capacities, (ii) an increase in liability (€26 million) and in construction (€19 million), partly offset by (iii) a decline in Marine and Motor, as some risks were not renewed in a context of softening market (€-45 million).

Net technical result increased by €18 million to €207 million:
- *The current accident year net technical result* increased by €10 million to €177 million reflecting a positive volume impact combined with a lower net loss ratio in Property.
- *The prior accident year net technical result* increased by €8 million to €30 million, resulting from positive reserve developments in Property, Marine and Aviation.

Expenses increased by €5 million to €-208 million. The expense ratio improved by 0.1 point to 12.8% reflecting the growth in premiums.

Combined ratio improved by 0.8 point to 100.0%.

Net investment result increased by €21 million to €144 million driven by higher fixed maturity revenues notably reflecting a higher asset base.

Income tax expenses increased by €22 million to €-59 million, mainly as a result of higher taxable income.

As a result, **underlying earnings** increased by €12 million to €84 million.

Adjusted earnings increased by €24 million to €116 million, reflecting a €12 million improvement in underlying earnings and €12 million higher net realized gains, mainly on equities.

Net income increased by €21 million to €117 million, reflecting €24 million higher adjusted earnings combined with a €10 million positive impact on change in fair value of assets under fair value option partly offset by a €-13 million foreign exchange negative impact.

AXA Cessions

Underlying earnings were up €6 million to €15 million mainly reflecting (i) a higher net technical result and (ii) a higher net investment income partly offset by (iii) an increase in general expenses.

Adjusted earnings and **net income** amounted respectively to €14 million and €13 million.

AXA Assistance

Underlying earnings were up €4 million to €21 million, reflecting mainly an increased activity (+11% on a comparable basis) combined with a better technical result and contained expenses.

Adjusted earnings increased by €4 million to €21 million in line with higher underlying earnings.

Net income decreased by €21 million to €22 million as the increase in adjusted earnings was more than offset by the non recurrence of the €23 million net impact of the sale of CAS in 2005.

OTHER TRANSNATIONAL ACTIVITIES

On December 21, 2006 the AXA RE's business was sold to Paris Re Holding Limited, with the risks and corresponding net income related to AXA RE's 2006 claims experience assuming to Paris Re Holdings Limited. As a result, AXA RE's contribution to AXA consolidated accounts corresponds mainly to the result of the run-off of the 2005 and prior years reserves of AXA RE. This contribution for Full Year 2006 is presented as part of the "Other Transnational Activities" segment.

Underlying earnings increased by €52 million to €11 million mainly due to (i) the contribution of AXA Re's run-off portfolio (€22 million driven by favorable claims experience on 2005 and prior years), (ii) a €43 million higher result on the other non-Life run-off portfolios mainly due to the positive result generated by the commutation of some large portfolios, partly offset by (iii) a €-13 million lower result of the AXA RE US Life run-off portfolio fully explained by the cost of fully hedging the remaining exposure of this portfolio.

Adjusted earnings increased by €72 million to €39 million reflecting the €52 million improvement of underlying earnings and €20 million higher realized gains due to AXA RE (€34 million) partly offset by €-13 million on the other portfolios.

Net income increased by €123 million to €92 million, reflecting improvement in adjusted earnings combined with a €66 million gain after tax on the sale of AXA RE's business, partly offset a €12 million charge related to the impairment of the goodwill formerly allocated to the reinsurance business.

Asset Management Segment

Consolidated Gross revenues

(in euro million)	**FY 2006**	**FY 2005**	**FY 2004**
AllianceBernstein	3 102	2 581	2 434
AXA Investment Managers	1 679	1 195	944
TOTAL	**4 781**	**3 776**	**3 378**
Intercompany transactions	-375	-343	-293
Contribution to consolidated gross revenues	**4 406**	**3 433**	**3 084**

Underlying, Adjusted earnings and Net Income

(in euro million)	**FY 2006**	**FY 2005 Restated (a)**	**FY 2005 Published**	**FY 2004**
AllianceBernstein	302	240	240	204
AXA Investment Managers	206	156	156	95
UNDERLYING EARNINGS	**508**	**396**	**396**	**300**
Net realized capital gains attributable to shareholders	1	6	5	2
ADJUSTED EARNINGS	**509**	**402**	**402**	**302**
Profit or loss on financial assets (under fair value option) & derivatives	10	10	11	2
Exceptional operations (including discontinued operations)	91	3	3	0
Goodwill and other related intangible impacts	0	-4	-4	0
NET INCOME	**610**	**411**	**411**	**304**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

AllianceBernstein

(in euro million)	FY 2 006	FY 2005	FY 2004
Gross revenues	**3 102**	**2 581**	**2 434**
Net underlying investment result	23	-21	-22
Total revenues	**3 125**	**2 560**	**2 412**
General expenses	-2 204	-1 852	-1 823
Underlying operating earnings before tax	**921**	**707**	**589**
Income tax expenses / benefits	-260	-193	-124
Net income from investment in affiliates and associates	0	0	0
Minority interests	-359	-274	-261
Underlying earnings group share	**302**	**240**	**204**
Net capital gains attributable to shareholders net of income tax	1	6	2
Adjusted earnings group share	**303**	**246**	**207**
Profit or loss on financial assets (under FV option) & derivatives	0	0	0
Exceptional operations (including discontinued operation)	91	8	0
Goodwill and other related intangibles impacts	0	0	0
Net income group share	**394**	**254**	**207**
Average exchange rate : 1,00 € = $	*1,2563*	*1,2453*	*1,2438*

Assets under Management ("AUM") increased by €54 billion to €544 billion, driven by strong market appreciation (€72 billion) and strong net inflows across all client categories (€38 billion, of which €22 billion from institutional clients, €10 billion from retail and €7 billion from private clients) partly offset by unfavorable exchange rate impact (€-57 billion).

Fees, commissions and other revenues increased by 25% on a comparable basis, due to higher investment advisory fees driven by 18% higher average AUM as a result of net new business inflows, market performance and higher performance fees.

General expenses increased by €352 million or up 20% on a constant exchange rate basis, mainly as a result of higher compensation expense (€+230 million) from increased earnings, increased occupancy from expansion of offices in New York and overseas (€+39 million).

The **underlying cost income ratio** improved by 1.5 points from 68.7% to 67.2% in 2006.

Income tax expenses increased by €67 million to €260 million, or by €69 million on a constant exchange rate basis due to higher pre tax-earnings.

As a consequence, **underlying earnings** increased by €62 million to €302 million, or by €64 million at constant exchange rate.

Adjusted earnings increased by €57 million to €303 million or by €59 million on a constant exchange rate basis driven by higher underlying earnings and lower net capital gains (€-5 million)

Net income increased by €139 million to €394 million or by €143 million on a constant exchange rate basis mainly due to higher adjusted earnings and dilution gains from the issuance of AllianceBernstein units (€36 million), reversal of deferred taxes liability from prior period (€50 million) and €4 million related to the sale of Alliance Cash Management business, compared to a gain on the sale of Alliance Cash management business (€5 million) and India and South Africa joint ventures (€3 million) in 2005.

AXA Investment Managers ("AXA IM")

(in euro million)	FY 2 006	FY 2005 Restated (a)	FY 2005 Published	FY 2004
Gross revenues	**1 679**	**1 195**	**1 195**	**944**
Net underlying investment result	30	27	27	15
Total revenues	**1 709**	**1 222**	**1 222**	**959**
General expenses	-1 330	-956	-956	-795
Underlying operating earnings before tax	**379**	**267**	**267**	**163**
Income tax expenses / benefits	-132	-78	-78	-51
Net income from investment in affiliates and associates	0	0	0	0
Minority interests	-41	-32	-32	-17
Underlying earnings group share	**206**	**156**	**156**	**95**
Net capital gains attributable to shareholders net of income tax	0	0	-1	0
Adjusted earnings group share	**206**	**156**	**156**	**95**
Profit or loss on financial assets (under FV option) & derivatives	10	10	11	2
Exceptional operations (including discontinued operation)	0	-5	-5	0
Goodwill and other related intangibles impacts	0	-4	-4	0
Net income group share	**216**	**156**	**156**	**97**

(a) Restated means : transfer of the forex impact from adjusted earnings to net income.

Assets Under Management ("AUM") were €485 billion as of December 31, 2006 increasing by €53 billion compared to December 2005, driven by (i) €35 billion Net New Money inflow, mainly from third-party Institutional clients (€23 billion), and retail clients (€11 billion), (ii) €20 billion of favorable market impact, partly offset by (iii) €-4 billion unfavorable exchange rate.

Fees, commissions and other revenues including those earned from AXA insurance companies eliminated in consolidation, increased by €484 million, or +40% to €1,679 million. Excluding fees retroceded to distributors, AXA Framlington impact (€13 million in 2005 and €126 million in 2006), and exchange rate variation (€2 million), net revenues grew by 30% on a comparable basis, driven by higher average AUM (+16% on a comparable basis), a positive client and product mix evolution, and higher performance fees.

General expenses increased by €374 million to €1,330 million. Excluding €+115 million commissions paid to third-party agents and €+88 million AXA Framlington impacts, expenses increased, at a lower pace than revenues, by 28% to €782 million, notably given the increase of staff to support the business development, important investments in projects and higher staff incentives.

The **underlying cost income ratio** improved by 1.6 points from 69.9% in 2005[22] to 68.3% in 2006 (2.1 points improvement on a comparable basis).

Underlying and **adjusted earnings** both increased by €50 million to €206 million as a result of a business growth and an improvement in underlying cost income ratio. AXA Framlington (purchased on October 31, 2005) contribution to 2006 and 2005 underlying and adjusted earnings was respectively €15 million and €4 million.

Net income increased by €60 million to €216 million, driven by adjusted earnings growth and fair value increase in real estate fund.

[22] *The Cost Income Ratio was restated for the year 2005 in order to be based on underlying earnings*

Other Financial Services Segment

The tables below present the revenues and the net income for the Other Financial Services segment for the periods indicated:

Consolidated Gross revenues

(in euro million)	FY 2006	FY 2005	FY 2004
AXA Bank (Belgium)	306	339	268
AXA Banque (France)	62	70	105
AXA Bank (Germany)	26	28	28
Other*	10	4	4
TOTAL	**404**	**441**	**404**
Intercompany transactions	-22	-13	-17
Contribution to consolidated gross revenues	**381**	**428**	**387**

** Includes CFP, CDO's and Real Estate entities*

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005	FY 2004
AXA Bank (Belgium)	21	50	26
AXA Banque (France)	0	-8	-10
AXA Bank (Germany)	3	3	2
Other*	27	23	6
UNDERLYING EARNINGS	**51**	**67**	**23**
Net realized capital gains attributable to shareholders	8	6	0
ADJUSTED EARNINGS	**59**	**72**	**23**
Profit or loss on financial assets (under fair value option) & derivatives	-15	8	-11
Exceptional operations (including discontinued operations)	-1	2	0
Goodwill and other related intangible impacts	0	0	0
NET INCOME	**43**	**82**	**13**

** Includes CFP, CDO's and Real Estate entities*

AXA Bank (Belgium)

Net banking revenues were down 10% to €306 million, as a result of the decrease of (i) realized capital gains (€-19 million) driven by investment portfolio, (ii) mark to market (€-12 million) mainly due to derivatives (natural hedge on investment portfolio and the credit spread portfolio) partly offset by an increase in loans (€+11 million), and the money market (€-10 million) and (iii) net interest and fee income remained stable.

Underlying earnings decreased by €29 million to €21 million mainly due to lower fixed income capital gains (€-6 million), a lower interest margin (€-9 million), and the non recurrence of the reversal in 2005 of a provision for risks related to loan activities in France following a favorable court decision (€16 million).

Adjusted earnings decreased by €26 million to €29 million notably driven by the decrease in underlying earnings (€-29 million) partly offset by an increase in capital gains on equities.

Net income decreased by €38 million to €31 million driven by the decrease in adjusted earnings as well as unfavorable change in fair value on bonds under fair value option and derivatives.

AXA Banque (France)

Net banking revenues decreased by 10% on a comparable basis to €62 million. Excluding derivatives, banking revenues increased by 24% to €85 million due to higher interest revenues and higher commissions both reflecting a strong activity.

Underlying and **adjusted earnings** increased by €8 million to breakeven mainly reflecting higher underlying banking revenues.

Net income decreased by €6 million to €-17 million, negatively impacted by the change in fair value of derivatives (a €17 million loss versus a €3 million loss in 2005) as a consequence of the rise in interest rates on the portfolio of interest rate swaps used to hedge the overall balance sheet exposure.

AXA Bank (Germany)

Gross revenues decreased slightly by €1 million to €26 million as a consequence of a reduced interest margin.

Underlying earnings, adjusted earnings and net income remained stable at €3 million.

Other

CFP

Underlying earnings, Adjusted earnings and Net income increased by €17 million to €35 million mainly due to favorable developments on doubtful receivables.

Holding Companies

The Holding companies consist of AXA's non-operating companies, including mainly AXA parent company, AXA France Assurance, AXA Financial, AXA Asia Pacific Holdings, AXA UK Holdings, German, Belgium and Netherlands holdings.

Underlying, Adjusted earnings and Net Income

(in euro million)	FY 2006	FY 2005 Restated (a)	FY 2005 Published	FY 2004 Restated (a)	FY 2004 Published
AXA	-219	-203	-282	-170	-263
Other French holdings companies	1	-12	-12	-2	-2
Foreign holdings companies	-239	-255	-255	-223	-223
UNDERLYING EARNINGS	**-457**	**-471**	**-549**	**-396**	**-489**
Net realized capital gains attributable to shareholders	23	39	6	7	-1
ADJUSTED EARNINGS	**-434**	**-431**	**-543**	**-389**	**-489**
Profit or loss on financial assets (under fair value option) & derivatives	-341	30	-4	206	251
Exceptional operations (including discontinued operations)	30	-99	-99	150	150
Goodwill and other related intangible impacts	0	0	0	0	0
NET INCOME	**-745**	**-500**	**-645**	**-33**	**-88**

(a) Restated means: (i) transfer of the forex impact from adjusted earnings to net income, and (ii) following clarification of IFRIC agenda committee following IASB decision, AXA has reclassified TSDI instruments (perpetual subordinated debts) into shareholders' equity for all periods presented in the 2006 financial statements with impact on net income.

AXA[23]

Underlying earnings decreased by €16 million to €-219 million. Excluding a non recurring tax benefit of €39 million in 2006 compared to €70 million in 2005, and €69 million financial income in 2006 on proceeds from Winterthur financing (rights and TSS issues), **underlying earnings** decreased by €54 million mainly due to (i) a €20 million higher financial charge mostly related to the financing of the Finaxa exchangeable bond buy-back and the dilution control program partly offset by positive volume effects due to increasing cash flows received from entities and (ii) €30 million some non recurring costs related to share based compensation plans.

Adjusted earnings decreased by €16 million to €-189 million mainly driven by underlying earnings evolution.

Net income decreased by €401 million to €-584 million mainly due to adjusted earnings evolution as well as:

- a €-404 million change in the mark-to market of interest rate derivative instruments not considered as hedge accounting, mainly due to:
  (i) €-174 million related to interest swaps denominated in Euro covering the long term interest risk of long term debts due to the increase of Euro interest rate during 2006,
  (ii) €-69 million due to a decrease on CHF interest rates linked to long term CHF denominated swaps (CHF5 billion nominal value) used to finance Swiss assets of Winterthur,
  (ii) €-133 million related to a lower increase of U.SDollar interest rates linked to currency swaps in 2006 compared to 2005,
- a €-43 million corresponding to foreign exchange operations of which €-52 million related to TSDI foreign exchange hedges no more eligible to natural hedge accounting linked to the reclassification in shareholder's equity of TSDI.
- partly offset by a €+85 million due to the change in the mark-to-market of foreign currency options hedging AXA Group underlying earnings denominated in foreign currencies.

[23] *All the figures are after tax*

Other French holding companies

AXA France Assurance.

Underlying earnings increased by €19 million to €-13 million mainly due to the non recurrence of a €14 million settlement with Armenian policyholders in 2005.

Adjusted earnings increased by €22 million to €-11 million due to higher underlying earnings and higher realized gains on equities.

Net income increased by €33 million to €-8 million mainly due to a tax gain on the 2005 settlement with Nationwide.

Other French Holdings.

Underlying earnings decreased by €5 million to €15 million mainly due to AXA Tech holding which benefited notably last year from higher dividends.

Adjusted earnings increased by €1 million to €14 million, as the absence of impairment in 2006 more than offset the decrease of underlying earnings.

Net income decreased by €12 million mainly due to the change in fair value of derivatives (a €15 million profit versus a € 28 million profit in December 2005).

Foreign Holding Companies

AXA Financial Inc.

Underlying earnings decreased by €25 million on a current exchange rate basis, or by €27 million on a constant exchange rate basis, to €-135 million due to higher net interest expense principally related to short-term borrowings from AXA (€16 million) and higher share based compensation expenses (€11 million).

Adjusted earnings decreased by €27 million on a current exchange rate basis, or €28 million on a constant rate basis, to €-135 million.

Net income increased by €94 million on a current exchange rate basis, or by €93 million on a constant exchange rate basis, to €-76 million, reflecting a €43 million favorable income tax settlement in 2006 related to the gain on sale of DLJ in 2000 and the €-69 million non recurrence of the 2005 after-tax loss on the sale of Advest.

AXA Asia Pacific Holdings[24] [25]

Underlying earnings decreased by €22 million to €-24 million largely due to the non-recurrence of positive income received in 2005 on cross currency interest rate swaps, following the restructuring of the forward rate hedging in July 2005. Lower interest revenue on inter-company finance arrangements and additional costs associated with the expansion strategy in Asian region also impacted the results.

Adjusted Earnings decreased by €23 million to €-25 million largely due to the reduction in Underlying Earnings.

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[24] *All comparisons to prior year figures are on a constant exchange rate basis*

[25] *AXA interest in AXA Asia Pacific Group is 52.7% broken down into 51.6% direct interest holding and an additional 1.1% owned by AAPH Executive plan trust*

Net income decreased by €17 million to €-22 million largely reflecting lower underlying and adjusted earnings partly offset by positive foreign exchange impacts.

AXA UK Holdings

Underlying Earnings increased by €7 million, both on current and constant exchange rate base to €-89 million resulting from lower financing costs and the reversal of a deferred tax asset valuation allowance.

Adjusted Earnings increased in line with underlying earnings evolution.

Net Income increased by €18 million on a current exchange rate basis (€+19 million on a constant exchange rate basis) to €-86 million driven by adjusted earnings growth, foreign exchange gains and the non recurrence of the indemnity costs paid to Nationwide in 2005.

Other foreign holding companies

German Holding companies

Underlying earnings improved by €48 million to €29 million mainly due to a €31 million tax refund following an industry wide change in tax legislation in 2006, a €9 million higher impact of the use of prior year loss carry-forward to €20 million, as well as higher investment result (€+4 million) and lower interests expenses (€+4 million).

Adjusted earnings and net income increased by €20 million as the improvement of underlying earnings (€+48 million) was compensated by the non repeat of 2005 one-off gains related to the final settlement of Cologne Re JV sale (€18 million) and a €10 million impairment on a participation.

Belgium Holding companies

Underlying earnings increased by €14 million to €-10 million mainly due to the non recurrence of the indemnity fee paid in 2005 following the early repayment of a loan to AXA Bank Belgium.

Adjusted earnings increased by €16 million to €-9 million.

Net income increased by €24 million to €-9 million due to the increase in adjusted earnings and the non recurrence of the settlement of an indemnity to Nationwide (€+8 million).

Netherlands Holding companies

Underlying earnings, adjusted earnings and net income decreased by €4 million to €-6 million mainly driven by the €2 million payment of loan interest to AXA SA.

Outlook

2006 was another very strong year in terms of top-line performance and earnings growth, and AXA continued to be ahead of the expected Ambition 2012 pace.

In 2007, AXA's key operational challenge will be to successfully manage the integration of Winterthur while keeping the growth momentum. Management has increased the target synergies (pre-tax annual cost savings) from this integration by 25% to €350 million, to be fully phased by 2010.

Assuming the global economic environment remains favorable and barring any major catastrophic events or financial market incidents, we expect that

- our Life & Savings operations should continue to grow on the back of favorable long-term trends, and our distribution and offer innovation initiatives, including the promising roll-out of Accumulator-type products across the Group.

- despite increasing competitive pressure in some European markets, our Property & Casualty operations should benefit from the strength of marketing and distribution, claims management initiatives and increasing diversification into higher growth markets.

- our Asset Management businesses should continue to perform well, primarily driven by very strong net inflows in 2006 and current favorable financial market conditions.

- our net capital gains target range is increased from Euro 600/800 million to Euro 800/1,000 million from 2007 onwards.

Glossary

PRELIMINARY NOTE: *Foreign exchange rate impacts are closer in nature to Profit and loss on financial assets accounted for under fair value option (excluding assets backing contract liabilities for which the financial risk is borne by the policyholder) and derivatives related to invested assets than to Net realized gains or losses attributable to shareholders. As a consequence, foreign exchange rates impacts have been reallocated from adjusted earnings to net income starting 2006 with retroactive restatement.*

COMPARABLE BASIS

On a comparable basis means that the data for the current year period were restated using the prevailing foreign currency exchange rate for the same period of prior year (**constant exchange rate** basis) and eliminated the results of acquisitions, disposals and business transfer (**constant structural** basis) and of changes in accounting principles (**constant methodological** basis), in one of the two periods being compared.

ADJUSTED EARNINGS

Adjusted earnings represent the net income (group share) before:

(i) The impact of exceptional operations (primarily change in scope, including integration costs related to a newly acquired company during the considered full year accounting period).

(ii) Goodwill and other related intangible impacts, and

(iii) Profit and loss on financial assets accounted for under fair value option (excluding assets backing contract liabilities for which the financial risk is borne by the policyholder) and derivatives related to invested assets (including all impacts of foreign exchange in particular the ones related to currency options in earnings hedging strategies, but excluding derivatives related to insurance contracts evaluated according to the “selective unlocking “accounting policy).

Adjusted earnings per share (**adjusted EPS**) represent AXA's consolidated adjusted earnings, divided by the weighted average number of outstanding ordinary shares.

Adjusted earnings per share diluted (**adjusted EPS diluted**) represent AXA's consolidated adjusted earnings, divided by the weighted average number of outstanding ordinary shares, on a diluted basis (that is to say including the potential impact of all outstanding dilutive stock options being exercised performance shares, and conversion of existing convertible debt into shares provided that their impact is not anti-dilutive).

UNDERLYING EARNINGS

Underlying earnings correspond to adjusted earnings excluding net realized capital gains attributable to shareholders.

Net realized gains or losses attributable to shareholders include

- i) realized gains and losses (on assets not designated under fair value option or trading assets) ii) change in impairment valuation allowance, net of tax,
- related impact on policyholder participation net of tax (Life business),
- DAC and VBI amortization or other reactivity to those elements if any (Life business).

The Statement of Income referred here-after and presented page 17 of the current document is based on an underlying basis.

LIFE & SAVINGS MARGIN ANALYSIS

Life & Savings margin analysis is presented on an underlying basis.

Even though the presentation of Margin Analysis is not the same as the Statement of Income (underlying basis), it is based on the same GAAP measures as used to prepare the Statement on Income in accordance with IFRS. As a result, the operating income under Margin Analysis is equal to that reported in AXA's Statement of Income for the segment.

There are certain material differences between the detailed line-by-line presentation in the Statement of Income and the components of Margin Analysis as set out below.

- For insurance contracts and investment contracts with DPF:

(i) Gross premiums (net of deposits), fees and other revenues are allocated in the Margin Analysis based on the nature of the revenue between "Fees and Revenues" and "Net Technical Margin".

(ii) Policyholders' interest in participating contracts is reflected as a change in insurance benefits in the Statement of Income. In the Margin Analysis, it is allocated to the related margin, that is, primarily, the "Investment Margin" and the "Net Technical Margin".

(iii) The "Investment margin" represents the net investment result in the Statement of Income and is adjusted to take into account the related policyholders' participation (see above) as well as changes in specific reserves linked to invested assets returns and to exclude the fees on (or contractual charges included in) contracts with a financial risk borne by policyholders, which are included in "Fees and Revenues".

(iv) Change in URR (Unearned Revenue Reserve – capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues and fees" in the underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin analysis.

- For investment contracts without DPF:

(i) Deposit accounting is applied. As a consequence, fees and charges related to these contracts are presented in the underlying Statement of Income within Gross consolidated revenues on a separate line, and in Margin analysis in the lines "Fees & Revenues" and "Net Technical margin".

(ii) Change in UFR (Unearned Fees Reserve– capitalization net of amortization) is presented in the line "Change in unearned premiums net of unearned revenues & fees" in the underlying Statement of Income, whereas it is located in the line "Fees & Revenues" in the Margin analysis.

Underlying Investment margin includes the following items:

(i) Net investment income

(ii) Interests and bonuses credited to policyholders and unallocated policyholder bonuses (and the change in specific reserves purely linked to invested assets returns) related to the net investment income.

UNDERLYING FEES & REVENUES INCLUDE:

(i) Revenues derived from mutual fund sales (which are part of consolidated revenues),

(ii) Loading charged to policyholders on premiums / deposits and fees on funds under management for separate accounts (unit-linked) business,

(iii) Loading on (or contractual charges included in) premiums / deposits received on all non unit-linked product lines,

(iv) Deferral income such as capitalization net of amortization of URR (Unearned Revenue Reserve) and UFR (Unearned Fees Reserve),

(v) Other fee revenues, e.g., fees received on financial planning, sales of third party products.

UNDERLYING NET TECHNICAL RESULT INCLUDES THE FOLLOWING COMPONENTS:

(i) Mortality/morbidity margin: The amount charged to the policyholder in respect of mortality/morbidity for the related period less benefits and claims. It is equal to the difference between income for assuming risk and the actual cost of benefits, including changes in valuation assumptions and additional reserves for mortality risk. This margin does not include the claims handling costs and change in claims handling cost reserves,

(ii) Surrender margin: The difference between the benefit reserve and the surrender value paid to the policyholder in the event of early contract termination,

(iii) Policyholder bonuses if the policyholder participates in the risk margin,

(iv) Other changes in insurance reserves and economic hedging strategy impacts related to insurance contracts valuated according to the "selective unlocking" accounting policy allowing liability adjustment so as to better reflect the current interest rates for these contracts,

(v) Ceded reinsurance result.

Underlying Expenses are:

(i) Acquisition expenses, including commissions and general expenses allocated to new business, related to insurance products as well as to other activities (e.g., mutual fund sales),

(ii) Capitalization of acquisition expenses linked to new business: Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF.

(iii) Amortization of acquisition expenses on current year and prior years new business, including the impact of interest capitalized: amortization charge for Deferred Acquisition Costs (DAC) and net rights to future management fees only for investment contracts without DPF,

(iv) Administrative expenses

(v) Claims handling costs

(vi) Policyholder bonuses if the policyholder participates in the expenses of the company.

Underlying VBI amortization includes VBI (Value of Purchased Life Business In-force) amortization related to underlying margins, as well as amortization of other intangibles related to the in-force business

Underlying Operating earnings before tax correspond to the income derived from operations, before tax, minority interest, and goodwill and other related intangible impact.

LIFE & SAVINGS COST INCOME RATIO

Underlying cost income ratio: Expenses as defined above / "underlying" operating margin, where:

- Expenses are total expenses, excluding expenses related to mutual fund business net of Participating Benefits, excluding deferral and amortization of Deferred Acquisition Costs (DAC) and net rights to future management fees and excluding amortization of Value of purchased Life Business In-force (VBI),

- "Underlying" operating margin is the sum of (i) Underlying Investment margin; (ii) Underlying Fees and revenues excluding the change in deferral income, and (iii) Underlying Net technical Margin (all items defined above).

PROPERTY & CASUALTY (INCLUDING AXA CORPORATE SOLUTIONS ASSURANCE)

Underlying net investment result includes the net investment income less the recurring interest credited to insurance annuity reserves

Underlying net technical result is the sum of the following components:

(i) Earned premiums, gross of reinsurance,

(ii) Claims charges, gross of reinsurance,

(iii) Change in claims reserves, including claims handling costs reserves, gross of reinsurance, less the recurring interest credited to insurance annuity reserves,

(iv) Claims handling costs,

(v) Net result of ceded reinsurance.

Expense ratio is the ratio of:

(i) Expenses (excluding claims handling costs but including non recurring expenses), to

(ii) Earned revenues, gross of reinsurance.

Expenses include two components: expenses (including commissions) related to acquisition of contracts (with the related **acquisition ratio**) and all other expenses (with the related **administrative expense ratio**)

Current accident year loss ratio (Property & Casualty) net of reinsurance is the ratio of:

(i) [current year claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on current accident year excluding the recurring interest credited to the insurance annuity reserves], to

(ii) Earned revenues, gross of reinsurance.

All accidents year loss ratio (Property & Casualty) net of reinsurance is the ratio of:

(i) [all accident years claims charge gross of reinsurance + claims-handling costs + result of reinsurance ceded on all accident years excluding the recurring interest credited to the insurance annuity reserves]to ,

(ii) Earned revenues, gross of reinsurance.

The **combined ratio** is the sum of (i) the expense ratio and (ii) the loss ratio (all accident years).

AXA RE

Covers are specific reinsurance treaties, bought to protect all or a portion of the company's portfolio against **major losses**. If such losses do not occur over the insured period, a profit commission (or "no-claim bonus") is paid to the ceding company. In general, the **cost of a cover** is accrued (or by extension "earned") ratably over the treaty period.

Major losses are defined as any event whose ultimate cost, gross of reinsurance and reinstatement premiums, is greater than $30 million.

NET TECHNICAL MARGIN INCLUDES:

(i) Earned premiums, net of reinsurance (cession / retrocession and covers)

(ii) Claims charge all accident years, net of reinsurance, including major losses,

(iii) Commissions (fixed commissions, sliding scale commissions as well as profit commissions), (a) paid to the ceding companies and (b) received from the reinsurance companies,

(iv) Claims handling costs.

NET ATTRITIONAL MARGIN ON CURRENT ACCIDENT YEAR INCLUDES THE FOLLOWING ELEMENTS:

(i) Earned premiums, net of cession / retrocession (reinsurance ceded excluding covers),

(ii) Current year claims charge (excluding major losses), net of cession / retrocession,

(iii) Commissions (fixed commissions, sliding scale commissions and profit commissions), (a) paid to the ceding companies and (b) received from the reinsurance companies, excluding commissions related to covers,

(iv) Claims handling costs.

ASSET MANAGEMENT

Net New Money: Inflows of client money less outflows of client money. Net New Money measures the impact of sales efforts, product attractiveness (mainly dependent on performance and innovation), and the general market trend in investment allocation.

Underlying Cost Income Ratio: general expenses excluding distribution fees / total revenues excluding distribution fees.